



DIB Bank Kenya
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TREASURY MARKET UPDATE 27TH FEBRUARY 2020

DOMESTIC NEWS

The shilling was stronger against its U.S counterpart in Wednesday's trading session, breaking through key levels in what was an active day of trading. The home unit saw a vibrant trend against the greenback on the back of muted dollar demand and sellers dominating foreign exchange trading. In today's session, the pair is expected to play it out within the branded margins as investors await any trigger that could signal the market to a change in either direction. By close of trade, the local unit stood at 100.80/00 as compared to Tuesday's close of 101.00/20.

In other news, as Kenya seeks to maximize on its global trade partnerships, as evidenced by talks between Kenya and the United States purposed toward the conclusion of a Free Trade Agreement, it is imperative that we maintain our sights on promoting our trade relationships with our regional partners, and in particular within the East African Community block. Specifically, provisional trade data with respect to the region, from a Kenyan perspective, indicates a significant increase in trade within the region, with Kenya recording the highest exports to the region in the 2019 calendar year since the 2015 calendar year, with exports totalling to Sh120.43 billion.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.40	104.40	98.40	103.40
GBP/KES	126.40	134.40	126.90	133.90
EUR/KES	106.55	113.55	107.05	113.05
AED/KES	25.97	28.97	25.97	28.97

Money Market Rates	Current	Previous	Change
Interbank Rate	3.981%	4.214%	-0.233
91-Day T-bill	7.394%	7.314%	0.005
182-Day T-Bill	8.258%	8.258%	0.000
364-Day T-Bill	9.799%	9.850%	-0.051
Inflation	5.780%	5.820%	-0.040
CBR RATE	8.250%	8.500%	-0.250

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index remained tentatively on track to snap a four-day losing streak Wednesday at 98.920. The advance in the dollar, however, was also stifled by a fall in Treasury yields on reports the spread of the virus worldwide continues to gather pace, with a rise in infections across Europe, the U.S. and the Middle East. Meanwhile U.S. President Donald Trump assured Americans on Wednesday evening that the risk from coronavirus remained "very low".

The GBP/USD pair fell to \$1.2912 on Wednesday ahead of U.K. and EU trade talks set for March 2, investors are worried that tough rhetoric from both sides recently suggests negotiations will be anything but smooth. The EU's chief negotiator, Michel Barnier, said the bloc would not agree a deal "at any price" and rebuffed the idea of offering the U.K. a Canada-style trade agreement. Additionally, BOE Deputy Governor Jon Cunliffe is also up for speaking in a panel discussion, hence, the traders will be on the lookout for any such signals for fresh direction.

The euro rose 0.17% to \$1.0898 on Wednesday. The German 10-Year government bond yield fell as low as -0.53% as markets priced in another 10-basis point cut in the ECB's deposit rate.

The Japanese yen drops to 110.30 amid the initial minutes of the Tokyo trading on Thursday. The pair recently took clues from the US President Donald Trump's speech on the coronavirus while the bears continue to dominate amid fears that the Chinese epidemic will weigh on the global growth.

Elsewhere, global oil prices fell on Thursday to \$52.80 per barrel, their lowest since January 2019 as a growing number of new coronavirus cases outside of China fuelled fears of a pandemic which could slow the global economy and lower crude demand.

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.50%	1.25%
1 Month	7.00%	1.75%
3 Months	8.00%	2.00%
6 Months	8.25%	2.25%
1 year	9.00%	2.50%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.0875	1.0950
GBP/USD	1.2905	1.3010
USD/AED	3.6675	3.6775
USD/JPY	109.80	110.80

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