



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH FEBRUARY 2020

DOMESTIC NEWS

The shilling was on the back foot on Thursday as pressure mounted from dollar buyers across the energy and manufacturing sectors. Resurgent dollar demand pushed the USD/KES pair up while the foreign currency inflows that previously offered support to the local unit thinned out, leaving the home unit exposed. In today's session, we see the local currency holding out within the recent ranges as flow on both the demand and supply sides somewhat even out. By close of trade, the local unit stood at 100.95/15 as compared to Wednesday's close of 100.80/00.

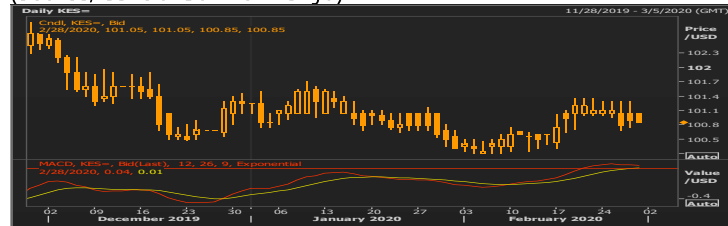
In other news, The IMF will release an updated read on its global growth forecast in April, factoring in the impact of coronavirus which has established footprints in almost every continent. In January, the global lender had projected global economy to grow by 3.3 per cent in 2020, citing concerns with negative developments in emerging markets. Kenya's Central Bank Governor Patrick Njoroge said that at the G20 meeting this weekend there are hopes that there will be a communique which gives some hope that the global economy is not rudderless. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 20 billion at a weighted average rate of 4.440%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.50	104.50	98.50	103.50
GBP/KES	126.15	134.15	126.65	133.65
EUR/KES	107.56	114.56	108.06	114.06
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	3.981%	4.214%	-0.233
91-Day T-bill	7.315%	7.394%	-0.079
182-Day T-Bill	8.235%	8.258%	-0.023
364-Day T-Bill	9.500%	9.799%	-0.299
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 extended losses on Thursday to 98.53, falling to two-week lows against a currency basket as the first confirmed coronavirus case of unknown origin in the U.S. heightened fears of a pandemic. In addition, 10-year U.S. Treasury yields hit record lows amid worries over whether the world's largest economy was prepared for the epidemic. Money markets are now pricing a roughly even chance of a Federal Reserve interest rate cut next month and have almost fully priced a cut by April.

The GBP/USD pair stayed mildly negative at \$1.2885 on Thursday as the UK PM Boris Johnson's team put forward agendas of their post-Brexit trade-deal negotiations with the EU. While the next week's Brexit talks are the key to the markets, coronavirus-led risk-off has been roiling the trades off-late. The UK PM Johnson and Company showed readiness to start preparing for the no-deal Brexit if the EU-UK fail to agree on anything by June.

The euro appeared to be on the higher side at \$1.0990 on Thursday. Markets may continue to price in the possibility of aggressive easing as the coronavirus-led sell-off in the US and global equity markets are showing no signs of exhaustion.

The Japanese yen is gathering pace at 109.60 early Friday with markets pricing Fed rate cut in March amid coronavirus-led risk aversion in the financial markets. The Yen has come under pressure this week on fears the coronavirus, which began in China, is spreading fast in South Korea, Japan, Europe and in the US and will put a sizeable dent on global growth.

Elsewhere, global oil prices fell on Friday to \$50.83 per barrel in more than a year, putting them on track for the biggest weekly decline in more than four years as the rapid spread of the coronavirus outside China raised fears of slowing global 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	1.0950	1.1040
GBP/USD	1.2820	1.2960
USD/AED	3.6675	3.6775
USD/JPY	108.10	1109.90

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