



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 29<sup>TH</sup> JANUARY 2020

### DOMESTIC NEWS

The shilling was unchanged versus the dollar on Tuesday. Foreign currency inflows from various sectors of the economy adequately matched importer dollar demand leaving the USDKES pair trading sideways. In the new day, market chatter alludes to range bound trading, as demand and supply forces remain well matched. By close of trade, the local unit stood at 100.80/00 the same as Monday's close.

In other news, Kenya's economy is forecast to grow 6.2% this year, up from 5.7% last year, central bank governor Patrick Njoroge said on Tuesday, as regional trade shields Kenya from the effects of a global downturn. The bank expects recovering agriculture, medium and small businesses and robust private-sector credit growth to support that growth. On Monday, the central bank cut the benchmark lending rate for the second meeting in a row, to 8.25% from 8.50%. It said the economy was operating below potential and it saw room for a more accommodative monetary policy. The finance ministry said earlier this month economic growth probably slowed to 5.6% last year, from 6.3% a year earlier, compared with government's initial estimate of about 6%.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.35	104.35	98.35	103.35
GBP/KES	127.30	135.30	127.80	134.80
EUR/KES	107.60	114.60	108.10	114.10
AED/KES	25.96	28.96	25.96	28.96

Money Market Rates	Current	Previous	Change
Interbank Rate	4.372%	4.257%	0.115
91-Day T-bill	7.279%	7.232%	0.047
182-Day T-Bill	8.212%	8.167%	0.047
364-Day T-Bill	9.859%	9.842%	0.017
Inflation	5.820%	5.560%	0.260
CBR RATE	8.500%	9.00%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index climbed on Tuesday to 97.970, underpinned by mostly bullish U.S. data and weakness in safe-haven currencies despite lingering concerns over the new coronavirus. The Commerce Department said durable goods orders rose 2.4% last month, beating economist forecasts for a 0.4% rise. The firmer dollar comes ahead of the Federal Reserve Open Market Committee's two-day meeting, which gets underway later today. The Fed is expected to keep its policy on hold later Wednesday and is likely to repeat its mantra that a "material reassessment" of the economic outlook would be required for any change in interest rates.

The GBP/USD pair fell to \$1.3020 on Tuesday as sentiment on sterling remains under pressure ahead of the Bank of England rate decision and Brexit. The pound recently weighed down by concerns of the US-UK tussle over the British allowance to the Chinese tech giant for 5G development. However, the moves are less strong ahead of the key Bank Of England meeting on Thursday, followed by Friday's Brexit day.

The euro slipped to \$1.1105 on Tuesday, recovering just modestly with US stocks' advance. As the single currency struggles to find follow-through all eyes will be on the Fed today.

The Japanese yen jumped above 109.17 early Wednesday. In doing so, the quote remains mildly positive amid mixed headlines from China. Though, traders are also gearing up for today's Federal Reserve Open Market Committee.

Elsewhere, global oil prices rose on Wednesday to \$60.36, standing on firmer ground after a five-day rout on talk that OPEC could extend oil cuts if a new coronavirus hurts demand, while data showing a decline in U.S. stockpiles also helped steady prices.

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	8.50%	2.25%
1 year	9.00%	2.50%

Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.0970	1.1120
GBP/USD	1.2995	1.3090
USD/AED	3.6675	3.6775
USD/JPY	108.60	109.90

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