



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST JANUARY 2020

DOMESTIC NEWS

The home unit closed the Thursday trading session the stronger currency after salvaging units from the greenback. A drove of foreign currency sellers swung into action and hauled the USDKES pair lower. The sweep over the US dollar was exacerbated by the absence of the usual purchases by major corporates in the market coupled with dollar inflows from remittances and offshore investors buying government debt. By close of trade, the local unit stood at 100.45/65 as compared to Wednesday's close of 100.55/75.

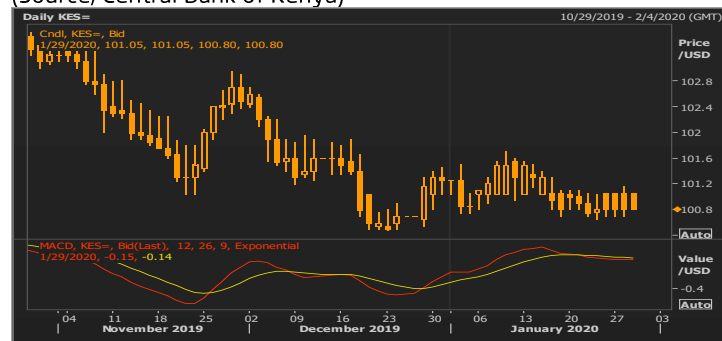
In the new day we expect the home unit's price action to be somewhat limited, as players navigate these new ranges. That said, the current trading ranges continue to be mainly flow driven with fundamentals taking a back seat in the interim as market pundits as investors search for fresh economic fundamentals to give price direction. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 30 billion at a weighted average rate of 4.652%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.05	104.05	98.05	103.05
GBP/KES	127.70	135.70	128.20	135.20
EUR/KES	107.35	114.35	107.85	113.85
AED/KES	25.87	28.87	25.87	28.87

Money Market Rates	Current	Previous	Change
Interbank Rate	4.442%	4.433%	0.009
91-Day T-bill	7.296%	7.279%	0.017
182-Day T-Bill	8.229%	8.212%	0.017
364-Day T-Bill	9.879%	9.859%	0.020
Inflation	5.820%	5.560%	0.260
CBR RATE	8.250%	8.500%	-0.250

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index struggled to find its footing Thursday at 97.640, amid mixed U.S. economic data. Gross domestic product increased at a 2.1% pace in the fourth quarter of last year, the Commerce Department said in its advance estimate on Thursday, in line with forecasts. But the growth was supported by a collapse in imports and final private domestic sales rose at an annualized rate of only 1.4% in the quarter, the slowest rate in four years. The U.S. economy has been underpinned by strong consumer spending offsetting weakness in other areas like business investment and manufacturing.

The GBP/USD pair climbed to \$1.3091 on Thursday, after the Bank of England held rates steady in the wake of firmer economic data. With the Bank of England's key event out of the way, the market focus now shifts to the long-awaited UK's exit from the European Union on Friday. Any incoming Brexit-related headlines will now play a key role in determining the pair's near-term trajectory.

The euro advanced to \$1.030 on Thursday on mixed economic data from Germany as inflation undershot, but unemployment beat forecasts. Later in the day, the focus will be on the Eurozone Gross Domestic Product for the fourth quarter.

The Japanese yen rallied following the Chinese data which showed a slight improvement in the services sector and came in line with expectations in the manufacturing. The pair is currently trading at 109.05 early Friday.

Elsewhere, global oil prices jumped on Friday to \$59.19 per barrel following sharp losses this week, as the World Health Organization came out against travel and trade restrictions in declaring a global emergency over the spread of the coronavirus that originated in China last year.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	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	1.0980	1.1140
GBP/USD	1.3050	1.3160
USD/AED	3.6675	3.6775
USD/JPY	108.80	109.60

For more details, contact our Treasury staff- Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.