



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 3RD FEBRUARY 2020

DOMESTIC NEWS

The shilling was stronger against its U.S. counterpart on Friday as activity ticked up on foreign currency supply counter. Dollar appetite from corporate and interbank players remained low for most of the session causing the foreign currency inflows to give the local currency a boost to a more solid close. Flows into the market and benign demand for the greenback may continue to support the shilling in the short term. There is no clear indication whether the supply will continue and leave further scope for gains for the home unit. By close of trade, the local unit stood at 100.30/50 as compared to Thursday's close of 100.45/65.

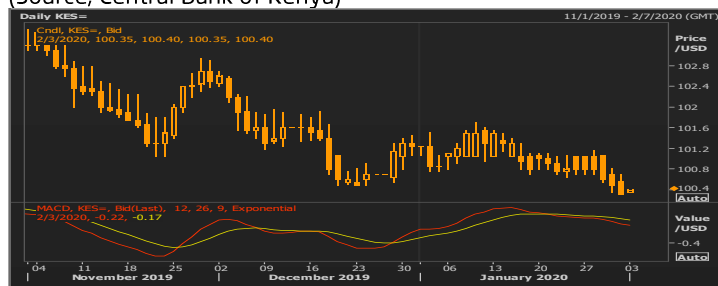
In other news, the annual inflation rate in Kenya edged down to **5.78%** in January 2020 from 5.82% in the previous month. Prices slowed mostly for food, furnishings and miscellaneous goods & services. On the other hand, cost continued to advance for housing & utilities, transport, clothing & footwear, restaurants & hotels recreation & culture, education and beverages. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 5 billion at a weighted average rate of 5.513%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.00	104.00	98.00	103.00
GBP/KES	128.30	136.30	128.80	135.80
EUR/KES	107.85	114.85	108.35	114.35
AED/KES	25.86	28.86	25.86	28.86

Money Market Rates	Current	Previous	Change
Interbank Rate	4.302%	4.442%	-0.140
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	5.780%	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 fell on Friday to 97.25, paced by losses amid fears of a global pandemic as Chinese health authorities showed little signs on having a grip on the outbreak. The new coronavirus has spread to nearly 10,000 people worldwide and the death toll in China rose to 213, raising concerns over China's ability to contain the outbreak, which could severely curtail global growth. U.S. data, meanwhile, showed the ongoing weakness in manufacturing did little to support the greenback.

The GBP/USD pair dropped to \$1.3163 after the U.K. exited the European Union on Friday and said it would set its own agenda, creating uncertainties about future talks with the European Union. Other than the UK PM's speech, will be on the traders' radar today.

The euro inched down to \$1.1081 on Friday, as data showed German retail sales slumped 3.3% in December, a much weaker number than expected. The French economy also unexpectedly contracted in the final quarter of last year, with GDP shrinking 0.1%, the first time it has contracted since Emmanuel Macron took over as President.

The Japanese yen remains under pressure around 108.30, as the Asian markets open for the week's trading on Monday. Fears of coronavirus outbreak have grown stronger during the weekend as numbers of affected crossed 14,300 while the death toll rose beyond 300 mark. Adding to this is another virus outbreak from China, the H5N1 bird flu, that occurred in Hunan.

Elsewhere, global oil prices extended their losses on Monday to \$56.49 per barrel, dragged down by worries about lower demand in China, the world's largest oil importer, following a coronavirus outbreak there.

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	1.1030	1.1170
GBP/USD	1.3100	1.3210
USD/AED	3.6675	3.6775
USD/JPY	108.05	109.40

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