



DIB Bank Kenya
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TREASURY MARKET UPDATE 7TH FEBRUARY 2020

DOMESTIC NEWS

The Kenyan shilling was unchanged against the greenback in Thursday's trading session. The local unit was supported by inflows from offshore investors buying government debt amid subsiding dollar demand from the energy and manufacturing sector. The USDKES currency pair is likely to continue trading within the recent ranges as market continues to witness matching foreign currency flows. By close of trade, the local unit stood at 100.35/55 as compared to Tuesday's close of 100.30/50.

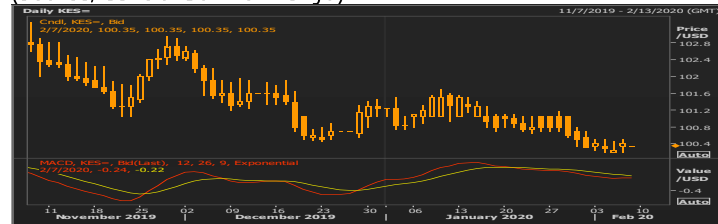
In other news, The United States and Kenya on Thursday agreed to launch negotiations that could lead to the first U.S. bilateral trade deal with a sub-Saharan African country amid growing American concerns about China's investments across the continent. U.S. President Donald Trump and Kenyan President Uhuru Kenyatta announced the intention to start formal talks on a trade agreement after meeting at the White House. Trump directed U.S. Trade Representative to issue a formal notification to Congress about the talks under the "fast-track" trade negotiating law. Kenyatta told a forum at the U.S. Chamber of Commerce his country was keen to secure its economic future, by exporting thousands of products to the United States without tariffs or quotas until 2025.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.90	103.9	97.9	102.90
GBP/KES	125.88	133.88	126.38	133.38
EUR/KES	106.74	113.74	107.24	113.24
AED/KES	25.83	28.83	25.83	28.83

Money Market Rates	Current	Previous	Change
Interbank Rate	5.405%	4.768%	0.637
91-Day T-bill	7.300%	7.296%	0.004
182-Day T-Bill	8.248%	8.229%	0.019
364-Day T-Bill	9.873%	9.879%	0.006
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 was relatively stable on Thursday to 98.185 following the release of firmer services and private labor market data. Overnight, ISM non-manufacturing data for January showed an uptick to 55.5, beating expectations of 55. In the meantime, a White House spokesman, reported that U.S. President Donald Trump had a conversation with Chinese President Xi Jinping on Thursday. The two leaders "agreed to continue extensive communication and cooperation between both sides. They also reaffirmed their commitment to implementing Phase 1 of the trade deal between the U.S and China.

The GBP/USD pair dropped to \$1.2940 on Thursday on fears of fall of the key EU economies but immense pressure from the coastal EU states also increase the odds that the region will offer softer terms to the UK when they'll be on negotiation table during early March. The UK/EU trade negotiations are definitely a risk and a potential spanner in the works. The Bank of England will also be a theme in coming weeks with the next meeting scheduled for March 26, ten days after Bailey succeeds Carney.

The euro fell to \$1.0981 on Thursday as European Central Bank Governor Christine Lagarde reinforced expectations that the central bank's ultra-loose monetary measures will remain in place at least until the year..

The Japanese yen ranged between 109.80 and printed a fresh high just above 110.00 in early Asia on Friday at 110.02. However, the pair is slipping away from here as markets prepare for the US data on the horizon to finish-up the week.

Elsewhere, global oil prices climbed on Friday to \$55.27 after Russia said it backs a recommendation for OPEC and other producers to deepen output cuts amid falling demand for crude.

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	1.0860	1.1010
GBP/USD	1.2905	1.3090
USD/AED	3.6675	3.6775
USD/JPY	109.00	110.50

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