



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH SEPTEMBER 2019

DOMESTIC NEWS

The shilling finally caught a break from the recent pressure, gaining some ground versus its American counterpart. Market activity was characterized by dollar inflows from corporate and interbank players for the better part of the day tipping the scales in favour of the shilling, as the home unit emerged on top albeit marginally. By close of trade, the local currency stood at 103.60/80, as compared to Friday's close of 103.70/90.

In today's session, it remains to be seen whether the local currency will hold on to its recently acquired gains or set new trading ranges. That said, the market continues to be mainly flow driven with fundamentals taking a back seat in the interim. In other news, the monetary authority mopped up KES 40B in excess liquidity at a weighted average rate of 8.558% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.20	107.20	101.20	106.20
GBP/KES	123.90	131.90	124.40	131.40
EUR/KES	111.00	118.00	111.50	117.50
AED/KES	26.73	29.73	26.73	29.73

Money Market Rates	Current	Previous	Change
Interbank Rate	6.318%	6.107%	0.211
91-Day T-bill	6.375%	6.385%	-0.010
182-Day T-Bill	6.995%	7.011%	-0.016
364-Day T-Bill	9.520%	9.392%	0.128
Inflation	5.000%	6.270%	-1.270
CBR RATE	9.00%	9.00%	0.000

(Source: Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar edged down on Monday. Fed Chairman Jerome Powell said Friday the central bank would "act as appropriate" to sustain economic expansion, comments that most took as accepting the need for another quarter-point interest rate cut at the Fed's policy meeting this month. The Fed cut its target Fed funds rate for the first time since 2008 in July, setting a new range between 2% and 2.25%. Bets on another cut rose after data on Friday showed the U.S. economy added fewer jobs than expected in August, although wage growth remained robust in a tight labor market. Likewise, Trump has crossed the wires and said that the US will be talking to China next week and that China wants a deal.

The GBP/USD pair stops the latest recovery while taking rounds to 1.2340. Boris Johnson is adjourning parliament until October 14 while the government carries on with negotiating a Brexit deal with the EU and the EU summit on October 17. Meanwhile, the bill preventing a no-deal Brexit on 31 October (requiring Prime Minister Johnston to seek a three-month extension) had passed into law earlier and Johnson indicated he'll do everything he can to avoid a delay. Despite the recent law change, Johnson says the UK will leave the EU on 31 October, without a deal if necessary.

The euro was holding steady at 1.1029, on Monday as investors looked ahead to a European Central Bank meeting later Thursday as it is expected that the ECB will cut rates.

The Japanese climbed to score a fresh high of 107.38 as markets focus on prospects of a trade war truce between China and the US while the Brexit-can is likely to be kicked down the road.

Elsewhere, global oil prices surged on Tuesday to \$62.85, on optimism that OPEC and other countries may agree to extend production cuts in a bid to support prices.

Indicative Profit Rates on Deposits

Amounts > 10 Million	Amounts >100,000	
	KES	USD
2 Weeks	6.50%	2.00%
1 Month	7.00%	2.50%
3 Months	8.00%	2.75%
6 Months	8.50%	3.50%
1 year	9.00%	3.75%

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1005	1.1220
GBP/USD	1.2210	1.2315
USD/AED	3.6675	3.6775
USD/JPY	107.00	107.90

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