



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

## TREASURY MARKET UPDATE 11<sup>TH</sup> NOVEMBER 2019

### DOMESTIC NEWS

The local unit continued to make headway against the U.S. dollar in Friday's session. Sustained foreign currency supply hauled the USDKES pair lower on the day. The Shilling's sentiment has improved in recent days, while the pair's downward pressure has been exacerbated by the absence of purchases by major corporates in the market. Dollar supply is likely to increase in the local market, leaving an open window for the domestic unit to gain further. By close of trade, the local unit stood at 102.40/60, as compared to Thursday's close of 102.70/90.

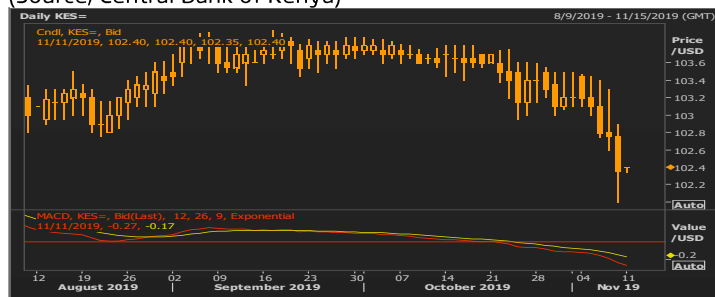
In the new week, further appreciation for the shilling is in the cards, if dollar supply from corporates and yield chasing investors outshines demand. The outlook remains favorable for the domestic unit, particularly after breaking a key psychological level earlier in the week. Price action for the USD/KES pair is likely to remain flow driven. In other news, the monetary authority mopped up KES 15 Billion in excess liquidity at a weighted average rate of 5.948% in the 7-day repo.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.95	105.95	100.35	104.95
GBP/KES	127.05	135.05	127.55	134.55
EUR/KES	109.45	116.45	109.95	115.95
AED/KES	26.39	29.39	26.39	29.39

Money Market Rates	Current	Previous	Change
Interbank Rate	4.179%	4.546%	-0.367
91-Day T-bill	6.390%	6.390%	0.000
182-Day T-Bill	7.189%	7.261%	-0.077
364-Day T-Bill	9.787%	9.780%	0.007
Inflation	4.950%	3.830%	1.120
CBR RATE	9.00%	9.00%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was higher on Friday at 98.18 as U.S. President Donald Trump confirmed that he plans to sign a trade deal with China but had not yet decided if he would roll back tariffs. China had stated Thursday that the two nations had agreed to phase out tariffs as part of the anticipated phase one trade agreement. Trump said on Friday that he would not fully roll back tariffs, but that a deal could be signed with Chinese President Xi Jinping in Iowa by the end of the month, adding that China wants to make a deal. Trump is due to give a speech at the Economic Club of New York on Tuesday, with markets hoping for more clarity on a planned "phase one" deal to end a damaging trade war between the world's two largest economies.

The GBP/USD pair was weaker, down at 1.2771 amid ongoing political uncertainty in the U.K. and indications from the Bank of England that it's ready to cut rates in the event of a no-deal Brexit. In addition, Moody's cut UK outlook to negative exerting downside pressure on the sterling. In the UK political front, the Chancellor's failure to justify criticism of the opposition Labour party's spending plans raise doubts over the Prime Minister Boris Johnson's lead in December polls.

The euro is skeptical at 1.1025 amid the Spanish election outcome. The Spanish elections are reflecting a hung parliament; a legislative stalemate with neither having a majority.

The Japanese yen is currently trading at 109.06. The market mood remains tepid on the onset of a fresh week.

Elsewhere, global oil prices fell on Monday to \$61.96, amid renewed doubts over the prospects of a trade deal between the United States and China, while concerns over excess supplies also weighed on the market.

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	1.0990	1.1060
GBP/USD	1.2620	1.2805
USD/AED	3.6675	3.6775
USD/JPY	108.40	109.70

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