



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH SEPTEMBER 2019

DOMESTIC NEWS

The shilling's downward momentum against the dollar continued in Thursday's trading session. Activity by both interbank and corporate players on the demand side weighed on the local currency in a market starved of foreign currency inflows dragging the unit lower as the foreign currency buyers were well poised in scuffling for supremacy. By close of trade, the local currency stood at 103.75/95, as compared to Wednesday's close of 103.70/90.

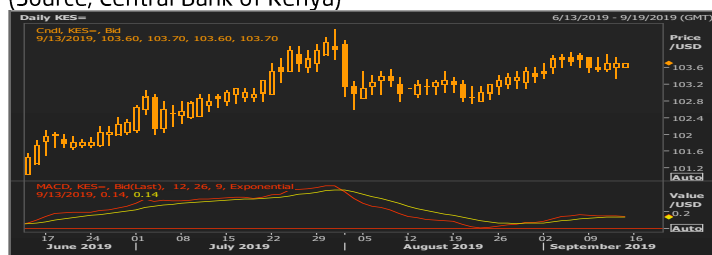
In the new day, with market dynamics largely typified by a reemergence of shilling bears, the local unit is nonchalant to come under pressure in the near term. That said, players continue to keep an eye on any new developments, as direction of the USDKES pair remains mostly flow driven. In other news, Kenya will cut unnecessary expenditure including trips abroad by government officials in an effort to rein in a gaping fiscal deficit, the acting finance minister said on Thursday. The budget deficit for the 2019/20 fiscal year (July-June) has been set at 5.6% of gross domestic product, down from 7.7% in the previous period. In the meantime, the monetary authority mopped up KES 5B in excess liquidity at a weighted average rate of 8.653% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.30	107.30	101.30	106.30
GBP/KES	124.15	132.15	124.65	131.65
EUR/KES	111.40	118.40	111.90	117.90
AED/KES	26.76	29.76	26.76	29.76

Money Market Rates	Current	Previous	Change
Interbank Rate	6.398%	6.271%	0.127
91-Day T-bill	6.315%	6.375%	-0.060
182-Day T-Bill	7.143%	6.995%	0.148
364-Day T-Bill	9.582%	9.520%	0.062
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 retreated across the board on Thursday after a report suggesting a trade truce between the U.S. and China lent wings to risk assets of all stripes, although it pared losses as the White House denied the report. The report was interpreted as a sign that Trump is concerned about the impact of his trade policy on the U.S. economy as he prepares for his re-election campaign next year. It was cited people familiar with the situation said that the White House was preparing to make a limited trade agreement with China that would delay and even unwind some U.S. tariffs in exchange for Chinese promises to respect intellectual property rights and start buying U.S. agricultural goods again.

The GBP/USD pair rose to \$1.2344, on a report that the European Union is prepared to grant another Brexit extension to the U.K. to prevent the country from leaving the bloc without deal despite U.K. Prime Minister Boris Johnson saying several times that he is not willing to ask the EU for a further delay to Brexit.

The euro recovered to \$1.1069, up on the day, up from an intra-day low of \$1.0927 after the ECB's decision. The ECB cut its key deposit rate to -0.5% and said it would resume quantitative easing on an open-ended basis against the backdrop of a slowdown that was "more serious than expected" in the words of its outgoing President Mario Draghi.

The Japanese yen, dipped to 107.52 as US yields fell after the European Central Bank's announcements but then recovered as risk sentiment improved. Focus is now on The Bank of Japan's next policy decision which is due Sept. 19.

Elsewhere, global Oil prices fell on Friday in Asia to \$60.20, as an OPEC agreement to cut oil output and positive Sino-U.S. trade development failed to lift 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	1.100	1.1180
GBP/USD	1.2250	1.2380
USD/AED	3.6675	3.6775
USD/JPY	107.60	108.95

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