



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 14TH OCTOBER 2019

DOMESTIC NEWS

The local unit fluttered between gains and losses on Friday, ending the day unchanged versus the dollar, after failing to commit to either direction. Price action for the home unit was largely flow driven, with dollar appetite witnessed later in the day pushing the pair back up to the previous close. In the absence of any fresh market moving events, we expect the shilling to continue trading within these elevated levels. By close of trade, the local unit stood at 103.65/85, same as Wednesday's close.

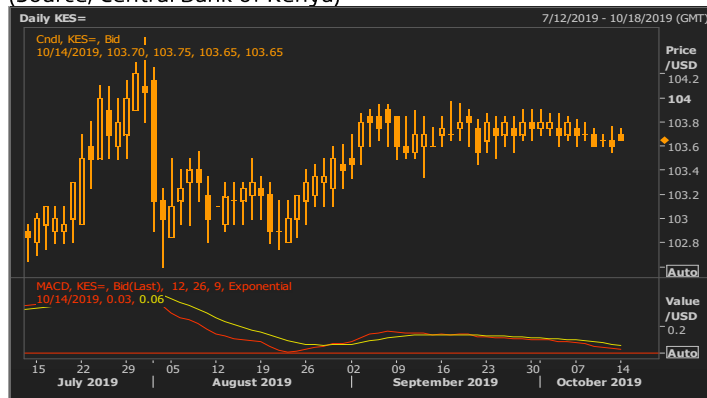
In the new week, we expect the recent USD/KES pair ranges to endure, given the matching flows across FX counters, as players look out for fresh news that might offer guidance to the domestic unit. In other news, the monetary authority mopped up KES 10 Billion in excess liquidity at a weighted average rate of 7.499% in the 7- day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.25	107.25	101.25	106.25
GBP/KES	126.75	134.75	127.30	134.30
EUR/KES	110.95	117.95	111.45	117.45
AED/KES	26.75	29.75	26.75	29.75

Money Market Rates	Current	Previous	Change
Interbank Rate	7.114%	6.804%	0.310
91-Day T-bill	6.378%	6.307%	0.009
182-Day T-Bill	7.250%	7.200%	0.050
364-Day T-Bill	9.792%	9.798%	0.006
Inflation	3.830%	5.000%	-1.170
CBR RATE	9.00%	9.00%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index slipped to 97.998 on Friday. U.S. President Donald Trump is set to meet with Chinese Vice Premier Liu He, having told reporters that talks were going "really well" and continued to Tweet as though a deal were immediate. Sentiment had been boosted when U.S. President Donald Trump outlined the first phase of a deal to end a trade war with China and suspended a threatened tariff hike, though officials on both sides said much more work needed to be done.

The GBP/USD pair soared to 1.2658. The pound jumped to an intraday high on Friday after U.K. Prime Minister Boris Johnson said he thought there was a way forward for a Brexit deal with the European Union, adding that "there is work to be done." Earlier in the session, EU negotiator said that Britain has accepted that it cannot erect a customs border as a solution to the backstop agreement. The two sides are racing to reach a deal before next week's EU summit. In addition, European Council President, said that U.K. Prime Minister has promised to deliver a Brexit solution "that works for all". The news comes after unconfirmed reports suggesting that Johnson had dropped his insistence that Northern Ireland remain in the U.K. customs area after Brexit.

The euro gained 0.5% to 1.1051, at press time despite the US-China trade truce. Major investment banks have warned that the latest US-China trade truce may be temporary.

The Japanese yen starts out the week flat at Following the positive trade headlines, U.S. stocks moved higher.

Elsewhere, global oil prices down on Monday at \$60.22 in Asia, after surging late last week, as traders are becoming more skeptical on whether the "phase one" trade deal the U.S. and China agreed on Friday would lead to a quick recovery in oil demand.

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	1.1080
GBP/USD	1.2500	1.2670
USD/AED	3.6675	3.6775
USD/JPY	107.50	108.60

For more details, contact our Treasury staff- Peter, Michael and Loryne on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.