

TREASURY MARKET UPDATE 15TH NOVEMBER 2019

DOMESTIC NEWS

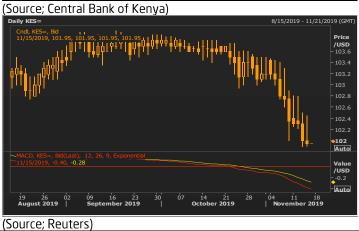
The local unit and the American dollar haggled for supremacy during yesterday's session with neither currency gaining triumph over the other by end of day. Sideways trading was the dominant theme in the local currency market with activity from both demand and supply counters remaining well balanced through the session. Price action for the USD/KES pair was largely flow driven, with dollar appetite witnessed later in the day pushing the pair back up to the previous close. By close of trade, the local unit stood at 102.00/20, the levels same closed at Wednesday.

In the new day, we expect the current trading levels to prevail, as players continue watching out for any change in fundamentals that might provide the local currency with some impetus. In other news, the monetary authority mopped up KES 12 Billion in excess liquidity at a weighted average rate of 3.500% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.60	105.60	99.60	104.60
GBP/KES	127.50	135.50	128.00	135.00
EUR/KES	109.05	116.05	109.55	115.55
AED/KES	26.30	29.30	26.30	29.30

Money Market Rates	Current	Previous	Change
Interbank Rate	2.966%	3.531%	-0.565
91-Day T-bill	6.680%	6.390%	0.290
182-Day T-Bill	7.774%	7.189%	0.585
364-Day T-Bill	9.784%	9.787%	-0.003
Inflation	4.950%	3.830%	1.120
CBR RATE	9.00%	9.00%	0.000



INTERNATIONAL NEWS

The U.S. dollar index was unmoved on Thursday at 98.210 as the number of Americans applying for unemployment benefits rose to an unexpected five-month high and there were no new comments on monetary policy from Federal Reserve Chair Jerome Powell. Initial claims for state unemployment benefits increased 14,000 to a seasonally adjusted 225,000 for the week ended Nov. 9, the highest reading since June 22, the Labor Department said on Thursday. Meanwhile, U.S. Federal Reserve Chair Jerome Powell said the risk of the U.S. economy facing a dramatic bust is remote, as he testified before Congress for the second day this week.

The GBP/USD pair was flat at \$1.2849 on Thursday, not paying much attention to the release of important UK economic data, not even the US data and the recent testimony of Jerome Powell. UK consumer price inflation fell more-than-expected in October to its lowest level in three years, due to lower utility costs, thanks to lower energy prices.

The euro was lower at \$1.0996 as Germany barely escaped a recession in the third-quarter. European shares also fell after data showed the German economy grew just 0.1% in the third quarter, with consumer spending helping the country to avoid a mild contraction.

The Japanese yen lost to 108.65 before settling around 108.77, ahead of the release of an important Chinese economic data package. In addition, jitters over geopolitical fallout from the Hong Kong situation still linger on with violent clashes engulfing.

Elsewhere, global oil prices posted early gains at \$62.58 per barrel as OPEC's outlook for oil demand next year fueled hopes that the producer group and its associates will keep a lid on supply when they meet to discuss policy on output next month.

Indicative Profit Rates on Deposits					
Amounts > 10 N	1illion	Amounts >100,000			
K	ŒS	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	1.0960	1.100			
GBP/USD	1.2800	1.2910			
USD/AED	3.6675	3.6775			
USD/JPY	108.00	109.05			

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