



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH OCTOBER 2019

DOMESTIC NEWS

The Kenya shilling edged slightly higher against the U.S. dollar in Tuesday's session because of increased foreign currency supply. Demand for the dollar from the manufacturing and energy sectors was well cushioned by the inflows received in the market, giving support to the local unit. Looking ahead, we expect the USD/KES pair to remain in the recent tight but familiar ranges. Nonetheless, the domestic unit is likely to be supported, with corporates converting dollars to shillings to meet their tax obligations. By close of trade, the local unit stood at 103.65/85, as compared to Monday's close of 103.70/90.

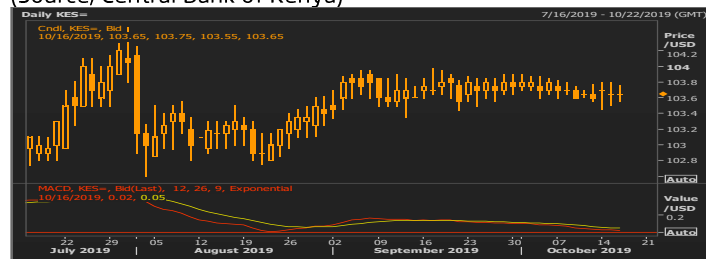
In the meantime, The Kenyan central bank's Monetary Policy Committee will hold its next rate-setting meeting on November 25, the bank said on Tuesday. At its last meeting in September, the bank held its benchmark lending rate at 9.00%, saying inflation expectations were within the target range and the economy was operating close to its potential. In other news, the monetary authority mopped up KES 60 Billion in excess liquidity at a weighted average rate of 7.385% in the 7 - day repo and 8.770% in the 14-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	128.35	136.35	128.85	135.85
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	7.158%	7.992%	-0.834
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 fell to 98.03 on Tuesday, amidst some fresh jitters on the US-China trade front, after Beijing rebuked a new U.S. legislation that takes a hard line against the crackdown on pro-democracy protests in Hong Kong. Meanwhile, investors' attention shifted to the increasing likeliness of another insurance cut by the Fed at the next meeting and its recently announced programme to expand the balance sheet to remove pressure from the money markets. Despite evidence that the US economy could be losing some momentum, the labour market remains strong as well as consumer spending, although the latest mixed results from the Consumer Price Index appear to support the view.

The GBP/USD pair rose to 1.2754, for the first time since May 13 and will likely extend gains if Britain's Prime Minister Boris Johnson secures support for the draft Brexit accord. While the European Union (EU) and the United Kingdom (UK) are closing on a draft Brexit deal, the Democratic Unionist Party is still playing hardball by rubbishing claims that the party has agreed to support an arrangement where Northern Ireland would stay in the UK customs territory but adhere to the EU customs rules on tariffs.

The euro was stuck at 1.1029, amid Brexit optimism and ahead of the US monthly retail sales data.

The Japanese yen is currently trading near 108.70. It came under pressure in the Asian session, possibly due to the Sino-US political friction and the haven demand for the anti-risk Yen.

Elsewhere, global oil prices rose on Wednesday to \$58.95, tracking gains in equities, as investors pinned hopes on a potential Brexit deal between Britain and the European Union and on signals from OPEC and its allies that further supply cuts could be possible.

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	1.1010	1.1095
GBP/USD	1.2700	1.2790
USD/AED	3.6675	3.6775
USD/JPY	108.00	108.85

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.