



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH OCTOBER 2019

DOMESTIC NEWS

The shilling was the under-achiever in Wednesday's trading against the U.S dollar, as tenacious greenback appetite from various sectors of the economy hampered the local unit's quest for dominance. Trading started in calm waters but foreign currency demand from the corporate sector knocked the home unit down. Looking ahead, the domestic unit is likely to remain within its recently established ranges with a slightly bearish bias in the interim. By close of trade, the local unit stood at 103.70/90, as compared to Tuesday's close of 103.65/85.

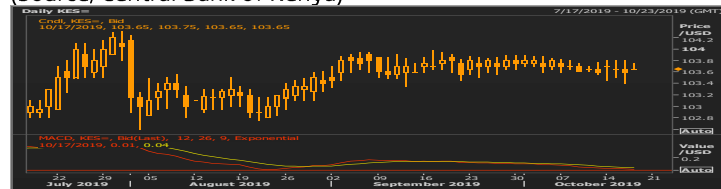
In the meantime, Kenya's economy is expected to expand by 5.6% this year and 6.0% in 2020, the International Monetary Fund said lowering its forecasts from earlier this year. The Fund did not say what was behind the lower projections in its latest World Economic Outlook. In April it forecast growth of 5.8% for 2019, and 5.9% for next year. With a well-diversified economy that does not depend on a single commodity or sector, Kenya has enjoyed rapid growth in recent years, but critics say it is not enough to lift many citizens out of poverty. The IMF's latest forecast is also lower than the government's. In other news, the monetary authority mopped up KES 20 Billion in excess liquidity at a weighted average rate of 7.981% 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	129.05	137.05	129.55	136.55
EUR/KES	111.45	118.45	111.95	117.95
AED/KES	26.76	29.76	26.76	29.76

Money Market Rates	Current	Previous	Change
Interbank Rate	7.025%	7.158%	-0.133
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 was lower on Wednesday at 97.928 as retail sales fell for the first time in seven months in September, increasing chances of the Federal Reserve cutting interest rates later this month. Retail sales dropped 0.3% as consumers cut back on spending. It was the first drop since February, suggesting that the weakness visible all year in manufacturing is spreading to other sectors of the economy. Meanwhile, trade tensions also weighed, as uncertainty remained despite a temporary truce between the U.S. and China. The International Monetary Fund warned that the U.S.-China trade war would cut 2019 global growth to its slowest pace since the financial crisis.

The GBP/USD gained to 1.2806, amid a flurry of Brexit-related headlines. Reports that suggested technical Brexit negotiations have reached an impasse and that the EU sees Brexit deal as impossible in the EU summit to be held on Thursday. Although French President Macron said that a Brexit agreement was being finalized, later reinforced by comments from German Chancellor Angela Merkel, who said that Brexit talks are now in the "final meters. However, vagueness over Brexit is still in play.

The euro pair continued trading in a dull fashion throughout the day, but poor US Retail Sales, some trade-war optimism and Brexit headlines pushed it to the 1.1080 price zone.

The Japanese yen is currently trading at 108.69. Markets were indeed dominated by Brexit headlines, snippets here and there of trade-related headlines and US data were mixed.

Elsewhere, global oil prices eased on Thursday to \$58.95 after industry data showed a larger-than-expected build-up in stocks in the United States, although losses were limited by comments by U.S. Treasury Secretary Steven Mnuchin on a U.S.-China trade deal.

Indicative Profit Rates on Deposits

	Indicative Profit Rates on Deposits	
	Amounts > 10 Million KES	Amounts >100,000 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	1.1020	1.1110
GBP/USD	1.2750	1.2905
USD/AED	3.6675	3.6775
USD/JPY	108.00	108.95

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