



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH SEPTEMBER 2019

DOMESTIC NEWS

The shilling waffled to the weaker side at the start of the week as demand for the greenback dominated the local FX market. Dollar demand from corporate and interbank players outweighed dwindling activity on the supply counter leaving the home currency licking its wounds at the closing bell. By close of trade, the local currency stood at 103.75/95, as compared to Friday's close of 103.65/85.

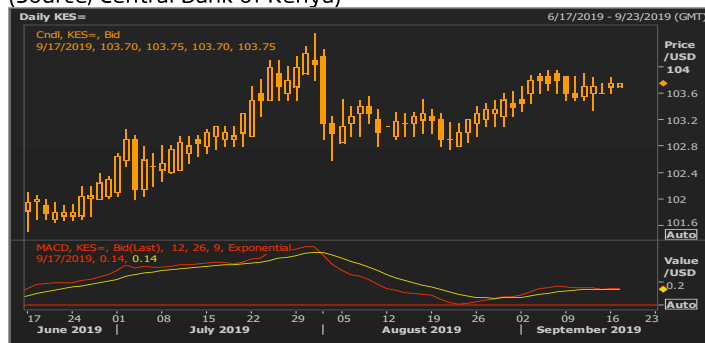
In the new day, the home unit remains exposed to further downside risks weighed down by burgeoning dollar demand. That said, players continue to keep an eye on any new developments. Subsequently, this month's bond auction comes to a close tomorrow. The Central Bank is re-opening both the FXD1/2018/15Yr and the FXD2/2019/15Yr. The Yield Curve from the Exchange has both papers at 12.100% and 12.365% respectively. In the meantime, the monetary authority mopped up KES 70B in excess liquidity at a weighted average rate of 8.970% 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	124.90	132.90	125.40	132.40
EUR/KES	110.70	117.80	111.30	117.30
AED/KES	26.76	29.76	26.76	29.76

Money Market Rates	Current	Previous	Change
Interbank Rate	6.335%	6.571%	0.236
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 gained from an earlier low caused by an attack on oil fields in Saudi Arabia. U.S. President Donald Trump said on Monday said it looked like Iran was behind the attacks but stressed he did not want to go to war. Iran has rejected U.S. charges it was behind the drone strikes on Saturday. In other news another factor boosting the greenback was some exiting of bearish dollar bets in advance of the U.S. Federal Reserve's two-day policy meeting. Traders widely expect the Fed will cut interest rates by a quarter of a percentage point this week. The Federal Reserve is expected to cut interest rates by 0.25 percentage point on Wednesday.

The GBP/USD pair carries its latest profit-booking to 1.2410. The UK Prime Minister (PM) Boris Johnson's Luxembourg visit failed to provide any key updates. The EU President criticized the Tory leaders' depth of details while British Foreign Secretary reiterated the PM's pledge to leave on October 31 and passing the bucket of criticism back to the EU.

The euro fell on Monday to 1.1012, as the weekend's attack on Saudi's oil production facilities put a haven bid under the greenback. Also, market chatter regarding the possibility of US tariffs on European Union's goods added to the pressures.

The Japanese yen failed to sustain its strength as it pulls back to 108.15 during early Tuesday. This week, the Bank of Japan will also hold its regular policy meeting in an environment which has brought a wave of easing from central banks around the world.

Elsewhere, global oil prices traded in the red at \$61.73, on Tuesday in Asia, giving back some of their gains after surging as much as 20% in the previous session amid heightened tensions in the Middle East.

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	1.0985	1.1150
GBP/USD	1.2300	1.2495
USD/AED	3.6675	3.6775
USD/JPY	107.00	108.90

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