



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH OCTOBER 2019

DOMESTIC NEWS

The Kenya shilling gained marginally against the U.S. dollar on Thursday due to dwindling importer dollar demand which was offset by healthy foreign currency inflows from various sectors of the economy. By close of trade, the local unit stood at 103.65/85, marginally stronger than Wednesday's close of 103.70/90. In the coming week, we expect the home unit to remain relatively stable as demand for the greenback from importers remains subdued.

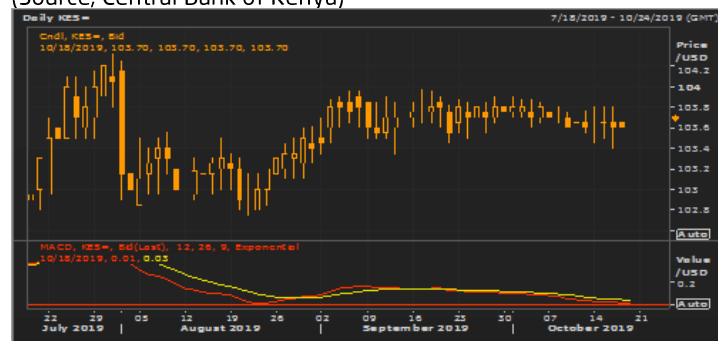
Meanwhile, Kenyan President Uhuru Kenyatta has demanded that lawmakers remove a cap on commercial lending rates, refusing to approve the 2019/20 (July-June) budget unless the limit is lifted, a document sent to parliament from the presidency showed on Thursday. The move was the latest in a running dispute over the rates cap, which the government and banking officials say is debilitating to the economy because it stalls lending. Lawmakers now have the option of removing the cap from the bill or overruling the president if two thirds of the 349 members vote to override his position.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.25	107.25	101.25	106.25
GBP/KES	129.25	137.25	129.75	136.75
EUR/KES	111.90	118.90	112.40	118.40
AED/KES	26.75	29.75	26.75	29.75

Money Market Rates	Current	Previous	Change
Interbank Rate	6.913%	7.025%	-0.112
91-Day T-bill	6.362%	6.369%	-0.007
182-Day T-Bill	7.241%	7.250%	-0.009
364-Day T-Bill	9.787%	9.792%	-0.005
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 fell sharply against the euro and sterling on Thursday as E.U. leaders unanimously backed a long-awaited Brexit deal to take Britain out of Europe on Oct. 31. While uncertainty remains on whether the pact will be ratified by British lawmakers, news of the agreement was enough to boost the euro 0.45% against the dollar and 0.15% against the British pound. The dollar has come under pressure this week, shedding about 0.7% against a basket of currencies after weak U.S. retail sales data supported the case for further interest rate cuts by the Federal Reserve.

The GBP/USD pair traded near a five-month high against the dollar after Britain's PM Boris Johnson and E.U. leaders agreed a new deal for Britain to exit the bloc. The pound was last at \$1.2845 after EU leaders unanimously backed the new Brexit deal with Britain. For the week, the pound is on course for a 1.6% gain versus the dollar.

The euro also rallied to its highest levels of \$1.1125 in nearly two months following the Brexit deal. The euro has struggled, falling more than 3% so far this year, as a broader economic slowdown in Europe has hurt investor sentiment towards the single currency.

The Japanese yen closed marginally stronger against the weaker dollar at 108.55 and is headed for its second week of gains against the dollar.

Elsewhere, global oil prices fell on Friday after China, the world's largest oil importer, recorded its weakest quarter of economic growth in nearly three decades, dragged down by a trade dispute with the United States. Global benchmark Brent crude oil futures fell 0.6% to settle at \$59.55 a barrel.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
2 Weeks	6.50%	1.50%		
1 Month	7.00%	2.00%		
3 Months	8.00%	2.50%		
6 Months	8.50%	3.00%		
1 year	9.00%	3.25%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1075	1.1175
GBP/USD	1.2795	1.2895
USD/AED	3.6675	3.6785
USD/JPY	108.05	109.05

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.