



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH SEPTEMBER 2019

DOMESTIC NEWS

The local FX market marked a jittery start to the day on Tuesday, with demand for the dollar outpacing foreign currency inflows leaving the shilling on the back foot. The home unit drifted south versus the greenback on account of buoyant dollar appetite amid a shortage of inflows, as well as bearish sentiments surrounding the local currency. By close of trade, the local currency stood at 103.75/95, as compared to Monday's close of 103.70/90.

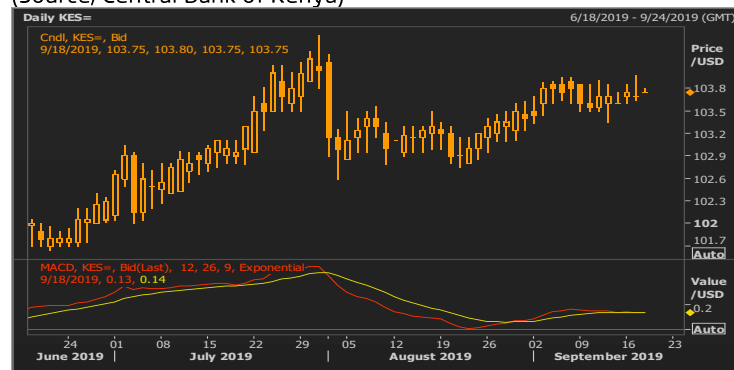
Looking ahead, further depreciation of the home unit is still on the cards in the short run, although the downside may be capped somewhat, should the current levels spur some FCY selling, as market players await further direction from related flows. That said, the recent decline in the domestic unit may leave some room for a rebound, should dollar appetite abate. In the meantime, the monetary authority mopped up KES 15B in excess liquidity at a weighted average rate of 8.963% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.35	107.35	101.35	106.35
GBP/KES	125.65	133.65	126.15	133.15
EUR/KES	111.40	118.40	111.90	117.90
AED/KES	26.77	29.77	26.77	29.77

Money Market Rates	Current	Previous	Change
Interbank Rate	6.633%	6.389%	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 dollar was mostly higher in trading in Tuesday, as fears of a sustained spike in oil prices and conflict in the Persian Gulf undercut risk assets ahead of the U.S. Federal Reserve's two-day policy meeting. The Fed had been almost universally expected to cut the target range for the Fed funds rate by 25 basis points at this week's meeting until the last few days, when stronger-than-expected retail sales and consumer sentiment data, coupled with hopes of a breakthrough in the trade dispute with China, appeared to weaken the argument for easing.

The British pound remained under pressure at \$1.2485, after Prime Minister Boris Johnson's visit to Luxembourg on Monday again illustrated the lack of progress towards sealing a transitional deal with the European Union before Brexit takes place on Oct. 31. The U.K. Supreme Court is due to start hearings Tuesday on the lawfulness of Johnson's suspension of parliament, which his opponents claim was done expressly to stop the House of Commons debating Brexit. A ruling is expected any time after Thursday.

The euro stood at \$1.1072, after an influential survey showed a brightening in German investor confidence. The German Economic Sentiment improved although it is still entrenched well into the negative territory.

The Japanese yen is stable in the Tokyo open at 108.15. It was not a particularly eventful session overnight as markets get set for the Federal Reserve interest rate decision due later in the day.

Elsewhere, global oil prices fell on Wednesday in Asia to \$64.44, after Saudi Arabia's energy minister said the kingdom is recovering faster-than-expected from an attack on the weekend that knocked out 5% of global oil output.

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	1.100	1.1160
GBP/USD	1.2400	1.2520
USD/AED	3.6675	3.6775
USD/JPY	108.00	109.05

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