



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 19<sup>TH</sup> NOVEMBER 2019

### DOMESTIC NEWS

The shilling strengthened against the greenback on Tuesday trading on account of abated dollar demand. The local currency's march north was sound throughout the session on the back of increased foreign currency inflows with dollar buyers staying on the sidelines. Dollar appetite from corporate and interbank players remained low for most of the session causing the foreign currency inflows to give the local currency a boost to a sturdier close. By close of trade, the local unit stood at 101.80/00, as compared to Monday's close of 101.85/05.

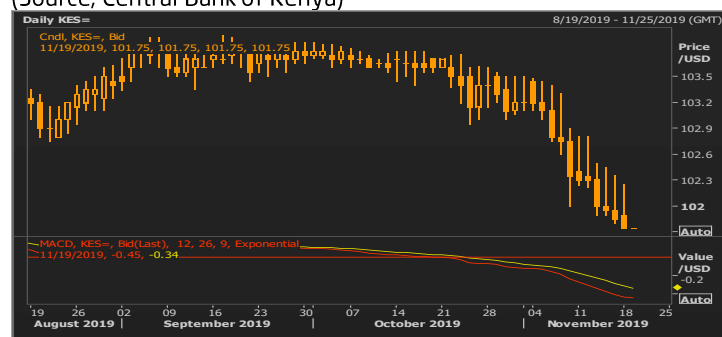
Looking ahead, we see an increase in activity on the supply counter, as the demand counter remains mute, is expected to pick up. This could mitigate further significant decline in the beleaguered greenback. That said, the domestic unit will maintain its current theme of range-bound trading as foreign currency flows continue to guide direction. In other news, the monetary authority mopped up KES 30 Billion in excess liquidity at a weighted average rate of 7.800% in the 7-day repo.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.40	105.40	99.40	104.40
GBP/KES	128.00	136.00	128.50	135.50
EUR/KES	109.35	116.35	109.85	115.85
AED/KES	26.24	29.24	26.24	29.24

Money Market Rates	Current	Previous	Change
Interbank Rate	2.873%	2.966%	-0.093
91-Day T-bill	6.680%	6.390%	0.290
182-Day T-Bill	7.774%	7.189%	0.585
364-Day T-Bill	9.784%	9.787%	-0.003
Inflation	4.950%	3.830%	1.120
CBR RATE	9.00%	9.00%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index fell on Monday to 97.700 after CNBC reported that Chinese officials are pessimistic that a trade deal will be signed. The report, which cited government sources, said the bleak outlook was due to U.S. President Donald Trump's reluctance to roll back tariffs. China has been pushing for the two sides to remove tariffs as they work on a phase one trade deal. Trump has said that he has not agreed to end tariffs, causing uncertainty on whether or not there will be a deal. Since then, both sides have said they are making progress but have not given any details on the outcome of talks.

The GBP/USD rose to 1.2953 on Monday, after news that all Conservative Party candidates at the Dec. 12 election have pledged to back Prime Minister Boris Johnson's Brexit deal. Opinion polls suggest that the Conservatives will win the election. In addition, EU's trade chief recently crossed wires, while saying that the UK PM Johnson will get only "bare bones" trade deal from Brussels next year or none at all.

The euro was up to 1.1068. Investors should be closely following the release of the European Central Bank minutes. ECB President Christine Lagarde is due to speak in Frankfurt later in the week.

The Japanese yen is back in the red near 108.60, having faced rejection once at the 108.70 level, as the US dollar paused its broad-based recovery on US President Trump's latest tweet on the Fed rates. Furthermore, BOJ Governor Kuroda's green signal to deepen negative rates is not boding well for the Yen.

Elsewhere, global oil prices fell to \$62.32, on Tuesday amid market jitters over limited progress between China and the United States on rolling back trade tariffs, exacerbated by a rise in U.S. inventories.

### Indicative Profit Rates on Deposits

Amounts > 10 Million	Indicative Profit Rates on Deposits	
	KES	USD
2 Weeks	6.50%	1.25%
1 Month	7.00%	1.75%
3 Months	8.00%	2.00%
6 Months	8.50%	2.25%
1 year	9.00%	2.50%

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1010	1.1095
GBP/USD	1.2895	1.2980
USD/AED	3.6675	3.6775
USD/JPY	108.00	109.30

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