



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

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

### DOMESTIC NEWS

The shilling was the under-achiever in Wednesday's trading against its American counterpart, as tenacious greenback appetite from various sectors of the economy hampered the local unit's quest for dominance. A number of interbank and corporates players were on scene roiling the market in search for decent offers on the US dollar. This saw the shilling chase the elusive dollar, to take the USDKES currency pair higher. By close of trade, the local currency stood at 103.80/00, as compared to Tuesday's close of 103.75/95.

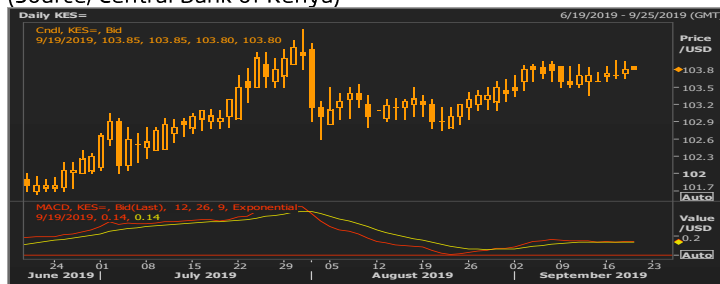
In the meantime, a Kenyan parliamentary committee has rejected a request from the finance ministry to scrap the cap on commercial interest rates imposed by lawmakers in 2016. The Finance and National Planning Committee instead recommended that the law capping lending rates be rewritten more clearly. The finance ministry had asked in June for the cap to be dropped, arguing that it had constricted private sector credit as banks shunned lending to customers deemed risky, including small and medium-sized businesses. The central bank has said the cap probably reduced 2017 economic growth by 0.4%.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.40	107.40	101.40	106.40
GBP/KES	125.65	133.65	126.15	133.15
EUR/KES	111.20	118.20	111.70	117.70
AED/KES	26.79	29.79	26.79	29.79

Money Market Rates	Current	Previous	Change
Interbank Rate	6.454%	6.633%	-0.179
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 up at 98.21. The Fed cut its key federal funds rate to a band of 1.75% to 2% from 2% to 2.25%. It was the Fed's second rate cut this year. Two members of the Federal Open Market Committee voted against any cut; another wanted to go further. Markets suggests another rate cut is coming this year, but at least five members of the committee aren't sure another cut is needed. But Fed Chairman Jerome Powell defended the Fed's decision, saying the Fed will change rates if necessary, but not before. While there was some softening in the economy, he said in his news conference, "We don't see a recession; we're not forecasting a recession."

The GBP/USD pair struggled around 1.2470 amid Brexit uncertainty. Recent news suggests that the EU's push for a clear plan concerning the Northern Ireland border after the Brexit. In addition, investors are awaiting a Bank of England policy meeting later Thursday. The BOE is expected to keep rates unchanged, but uncertainty about how the UK will exit from the European Union has complicated the outlook for monetary policy.

The euro scrambled for strong directional bias at 1.1038 after the Fed rate cut. The market, therefore, is seeing the dollar better bid in the short-term, especially against the EUR, as the European Central Bank recently adopted a strong dovish bias.

The Japanese yen rose from a seven-week low versus the dollar to 107.92 and held onto those gains after the Bank of Japan kept policy on hold, as expected, but signaled it could ease next month.

Elsewhere, global oil prices edged higher in early Asian to \$63.68 on Thursday after days of turbulence, with markets soothed by Saudi Arabia's pledge to restore full production by end-September at facilities knocked out in drone and missile attacks last weekend.

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	1.1005	1.1180
GBP/USD	1.2410	1.2530
USD/AED	3.6675	3.6775
USD/JPY	107.20	109.15

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