



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST OCTOBER 2019

DOMESTIC NEWS

The Kenyan shilling held relatively stable against the U.S. dollar on Thursday as healthy dollar inflows from horticulture exports and offshore investors buying local debt and stocks continued to meet reduced dollar demand from importers. By close of trade, the local unit stood at 103.20/40, little changed from Wednesday's close of 103.10/30. We expect the shilling to trade in a tight range in the near term supported by improving dollar inflows as markets players wait for parliament's decision on lifting a cap on commercial interest rates.

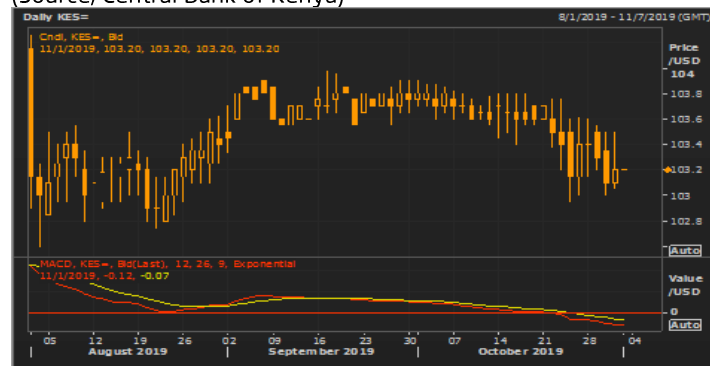
Meanwhile, Kenya's year-on-year inflation rose to 4.95% in October from 3.83% a month earlier as the price of food and alcoholic drinks rose. Monthly, inflation was up 0.28% from -0.11% in September. Food and non-alcoholic beverages index rose 0.48% compared with September and was up 8.74% compared with October 2018. The index carries a 36.04% weight in the basket of goods used to measure inflation.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.80	106.80	100.80	105.80
GBP/KES	129.85	137.85	130.35	137.35
EUR/KES	111.80	118.80	112.30	118.30
AED/KES	26.63	29.63	26.63	29.63

Money Market Rates	Current	Previous	Change
Interbank Rate	6.132%	6.278%	-0.146
91-Day T-bill	6.390%	6.424%	-0.034
182-Day T-Bill	7.189%	7.223%	-0.034
364-Day T-Bill	9.780%	9.780%	0.000
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 fell to a 10-day low against a basket of major currencies on Thursday as investors evaluated whether the Federal Reserve would continue to cut rates. The Fed on Wednesday lowered its policy rate by a quarter of a percentage point to a target range of 1.50% to 1.75%. The dollar index against six major global currencies was down 0.3% on the day to settle at 97.20, the lowest since Oct. 21. Market participants remain concerned about a slowdown in the U.S. economy as the trade war between the United States and China continues.

Meanwhile, the GBP/USD pair rose further above \$1.29, heading for its biggest monthly rise in more than a decade as the combination of a weak dollar and the falling risks of Brexit fueled demand. The pound was up 0.3% to settle at \$1.2960, closing in on a five-month high above \$1.30 hit last week. British PM Boris Johnson, who has failed to deliver on his "do or die" promise that Britain would leave the EU on Oct. 31, secured agreement for an election on Dec. 12 after the EU granted a third delay to Brexit.

The euro was stable at \$1.1165 despite better than expected euro zone GDP data. Euro zone economic growth in the third quarter defied market expectations of a slowdown and was steady quarter-on-quarter, while headline inflation slowed because of a sharp fall in energy prices.

The Japanese yen rose to a two-week high of 108.00 as optimism that the United States and China would reach a trade deal faded.

Elsewhere, global oil prices fell further on Thursday after data showed weak factory activity in China with U.S. crude facing extra pressure after flows out of the Cushing, Oklahoma storage hub were disrupted because of reduced flows on a pipeline. Brent futures were last down 0.6% at \$59.75 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	1.1115	1.1215
GBP/USD	1.2910	1.3010
USD/AED	3.6675	3.6785
USD/JPY	107.50	108.50

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