



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

## TREASURY MARKET UPDATE 1<sup>ST</sup> OCTOBER 2019

### DOMESTIC NEWS

It was a quiet Monday with little to report, as the home unit traded water for most of the day, ending the session little changed from previous close. The session proceeded at a snail pace as players on both the demand and supply counters continued to dance to the tune of reduced activity that has characterized the local FX market lately. By close of day, the local currency stood at 103.75/95, same as Friday's close.

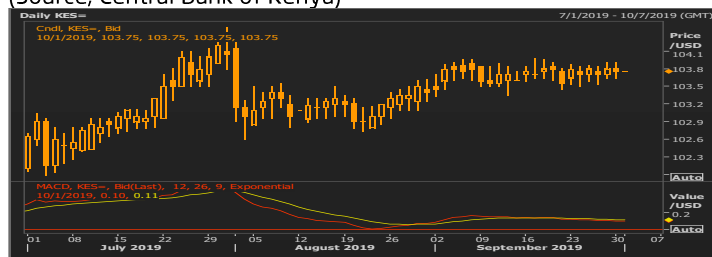
Subsequently, Kenya's year-on-year inflation fell to **3.83%** in September, from 5.0% a month earlier, the statistics office said on Monday. September's inflation rate, which is well within the government's preferred band of 2.5-7.5%, pointed to a continuation of the monetary policy stance. The governor of the central bank, Patrick Njoroge, said last week that sustained fiscal cuts by the government could give way to an easing cycle. Policymakers held the benchmark lending rate at 9.0% last week, the seventh hold decision in a row, saying inflation expectations were well anchored. In other news, the monetary authority mopped up KES 55Billion in excess liquidity at a weighted average rate of 8.981% 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	123.55	131.55	124.00	131.00
EUR/KES	109.60	116.60	110.10	116.10
AED/KES	26.77	29.77	26.77	29.77

Money Market Rates	Current	Previous	Change
Interbank Rate	7.948%	7.349%	0.599
91-Day T-bill	6.307%	6.368%	-0.061
182-Day T-Bill	7.175%	7.150%	0.025
364-Day T-Bill	9.777%	9.705%	0.072
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 traded near its highest in almost two weeks to 99.402 after the release of data that is forecast to show the U.S. manufacturing sector returned to growth, which would ease concern about the impact of the ongoing Sino-U.S. trade war. In the meantime, the White House downplayed reports that it is looking into ways to limit Chinese companies from listing on U.S. stock exchanges. White House trade adviser Peter Navarro dismissed the reports on Monday as "fake news." Other measures that have been reported as being considered include putting caps on the weighting of Chinese companies in stock indexes managed by American companies and limiting U.S. pension funds' exposure to Chinese firms.

The GBP/USD pair remained under pressure at 1.2285, as the governing Conservative Party began its annual conference against a backdrop of growing accusations of impropriety against Prime Minister Boris Johnson. At the domestic front, the opposition seems to divert their attention from a snap election.

The euro stood at \$1.0900, nursing a decline in the previous session when it slid to \$1.0885, which is the lowest since May 12, 2017, as weak economic data from Germany reinforced expectations that monetary policy in the euro zone will remain accommodative for an extended period.

The Japanese yen is taking bids to 108.22. It's somewhat quiet out there today considering we will not be seeing Chinese markets open with it being China's National Day holidays.

Elsewhere, global oil prices rebounded to \$59.76 on Tuesday on reports that production at the world's largest oil producers fell during the third quarter, although a resumption in Saudi supply and demand concerns continued to keep a lid on prices.

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	1.0850	1.1010
GBP/USD	1.2210	1.2320
USD/AED	3.6675	3.6775
USD/JPY	107.60	108.50

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