



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

## TREASURY MARKET UPDATE 20<sup>TH</sup> SEPTEMBER 2019

### DOMESTIC NEWS

The shilling finally caught a break from the recent pressure, gaining some ground versus its American counterpart. The home unit traded sluggishly early in the session with most players having lightened their foreign currency positions and remaining on the sidelines. Later in the day however, an uptick in supply of the greenback gave the home unit a boost, to end the day slightly higher than its previous close. By close of trade, the local currency stood at 103.70/90, as compared to Wednesday's close of 103.80/00.

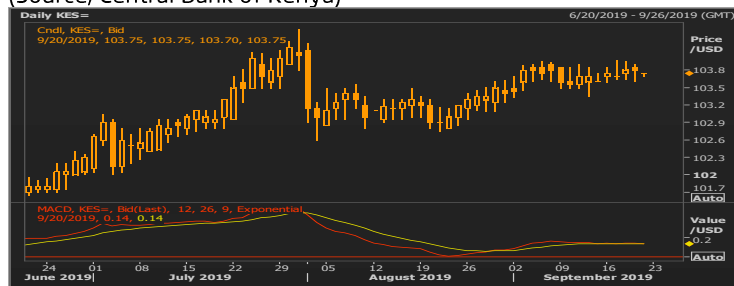
In other news, Kenya's finance ministry has cut the government's planned spending for the 2019/20 (July-June) fiscal year by 2.1%, equivalent to 46.2 billion shillings (\$445.09 million), a budget review document showed on Thursday. The cuts were mainly caused by revenue collection shortfalls, the ministry said in the review. Last week, the Acting Finance Minister warned government ministries and departments to expect brutal cuts, as the government gets rid of unnecessary expenditure. In addition, the government has moved to tighten its fiscal policy, which could lead to a dovish monetary policy stance given the need for rebalancing.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.35	107.35	101.35	106.35
GBP/KES	126.35	134.35	126.85	133.85
EUR/KES	111.30	118.30	111.80	117.80
AED/KES	26.77	29.77	26.77	29.77

Money Market Rates	Current	Previous	Change
Interbank Rate	7.043%	6.454%	0.589
91-Day T-bill	6.368%	6.315%	0.053
182-Day T-Bill	7.150%	7.143%	0.007
364-Day T-Bill	9.705%	9.582%	0.123
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 U.S. dollar was lower on Thursday, as it gave up prior gains after the Federal Reserve cut rates as expected. The Fed lowered interest rates for the second time this year to the 1.75%-2% range from the previous 2%-2.25% range. Still, guidance from Fed Chairman Jerome Powell indicated that the central bank didn't expect a slowdown in the economy anytime soon. Powell noted that "if the economy does turn down, then a more extensive sequence of rate cuts could be appropriate." The central bank has two more policy meetings for the year, in October and December, but there is no certainty it would cut rates further.

The GBP/USD pair rose to 1.2484. The pound inched up, boosted by the Bank of England leaving interest rates on hold as it waits for more clarity on Brexit. The bank said that if Brexit uncertainty persists, inflation will likely become weaker. Staff expect inflation to remain below 2% target for the rest of this year. In the meantime, investors will be closely observing details of today's meeting between the EU and UK's key Brexit negotiators after the claims that the British office has already shared documents showing Irish backstop alternatives with the EU.

The euro jumped to 1.1053, despite being directionless in the wake of a drop in the US treasury yields and ahead of the Eurozone consumer confidence data.

The Japanese yen is relatively stable at 107.86, in the Tokyo open as it winds down into the close for the week following a data-heavy number of sessions with unanswered questions.

Elsewhere, global oil prices rose on Friday to \$64.62 and are set to record a more-than-7% weekly gains after a drone attack on Saudi Arabia's major oil facilities last weekend escalated tensions in the Middle East.

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	1.1010	1.1130
GBP/USD	1.2500	1.2610
USD/AED	3.6675	3.6775
USD/JPY	107.10	108.40

For more details, contact our Treasury staff- Peter, Michael and Loryne on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.