



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 26TH NOVEMBER 2019

DOMESTIC NEWS

The shilling was the under-achiever at the start of the week against the U.S dollar, as tenacious greenback appetite from various sectors of the economy hampered the local unit's quest for dominance. Dollar demand from the manufacturing and energy sectors hit the FX counters through the day, amid fairly limited inflows that caused the local unit to close the trading session on the back foot after failing to anchor itself against the dollar. By the closing bell, the local unit stood at 102.00/20, as compared to Friday's close of 101.60/80.

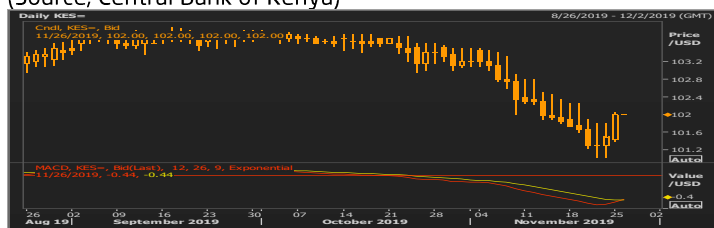
In the meantime, Kenya's central bank cut its benchmark lending rate for the first time in more than a year on Monday, saying tightening fiscal policy had provided room to ease in an effort to coax an economy operating below its potential. The bank's Monetary Policy Committee cut the rate by 50 basis points to **8.50%**, in its first meeting since the East African nation lifted a cap on commercial interest rates that it said had stifled credit growth and held back the economy. Policymakers had held the benchmark rate for seven straight times before Monday's cut. "The Committee noted the ongoing tightening of fiscal policy and concluded there was room for accommodative monetary policy to support economic activity," the bank said.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.60	105.60	99.60	104.60
GBP/KES	127.65	135.65	128.15	135.15
EUR/KES	108.95	115.95	109.45	115.45
AED/KES	26.30	29.30	26.30	29.30

Money Market Rates	Current	Previous	Change
Interbank Rate	4.276%	4.322%	-0.046
91-Day T-bill	7.131%	6.680%	0.451
182-Day T-Bill	8.215%	7.774%	0.441
364-Day T-Bill	9.804%	9.784%	0.020
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 was firm on Monday at 98.123, as investors waited for possible rate cut guidance from Federal Reserve Chair Jerome Powell. Traders expect that he will underline the central bank's decision to pause on monetary policy easing after cutting rates three times this year. Powell said in a testimony to Congress last week that the effects of those cuts have yet to be felt. Powell's comments indicate that the Fed is likely to hold rates steady for some time unless inflation spikes well above 2 percent. He added that low inflation expectations make it tougher for the Fed to support the economy. Powell is expected to speak at the Greater Providence Chamber of Commerce annual dinner later in the day today.

The GBP/USD pair rose to 1.2906 on Monday, after British Prime Minister Boris Johnson promised to bring a Brexit deal to parliament before Christmas. His Conservative Party leads in opinion polls ahead of the Dec. 12 election. Also, better-than-expected data contributed to support the pound in the market as the CBI Distributive Trade Survey on realized sales improved in November.

The euro was unchanged on Monday at 1.1020 after the German Ifo index showed that the euro bloc's biggest economy is still in a recession.

The Japanese yen declines from a two-week high while taking rounds to 109.00 during early Tuesday, as uncertainty around the US-China trade deal persists.

Elsewhere, global oil prices were relatively stable on Tuesday at \$63.64, holding onto gains from the previous session, amid unresolved trade issues. Washington and Beijing had not agreed on specifics or the size of rollbacks of tariffs on Chinese goods.

Indicative Profit Rates on Deposits

	Indicative Profit Rates on Deposits	
	Amounts > 10 Million KES	Amounts >100,000 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	1.0985	1.1150
GBP/USD	1.2830	1.2920
USD/AED	3.6675	3.6775
USD/JPY	108.10	109.50

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