



DIB Bank Kenya
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TREASURY MARKET UPDATE 27TH NOVEMBER 2019

DOMESTIC NEWS

The recent weakening narrative went a notch higher yesterday, as importers, particularly from the oil and energy sector, filled the market to pick up the dollar. The trifling foreign currency inflows witnessed from various sectors of the economy, did little to save the local unit from losses making the local unit to chase the elusive dollar. That said, the recent sharp decline in the local unit may leave some room for a rebound, should dollar appetite abate. By close of trade, the local unit stood at 102.35/55, as compared to Monday's close of 102.00/20.

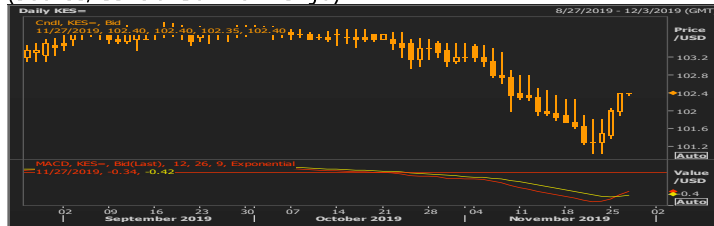
In the meantime, Kenyan banks will not return to the "wild west banditry" after a cap on commercial lending rates was lifted this month, the governor of the central bank said on Tuesday. The government ditched the cap, which was imposed in 2016, after it was blamed for curbing private sector growth and reducing the effectiveness of monetary policy. Policymakers cut the benchmark lending rate for the first time in more than a year on Monday, saying a tightening stance by the Treasury had created room for easing. In other news, the monetary authority mopped up KES 10 Billion in excess liquidity at a weighted average rate of 7.943% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.00	106.00	100.00	105.00
GBP/KES	127.75	135.75	128.25	135.25
EUR/KES	109.35	116.35	109.85	115.85
AED/KES	26.41	29.41	26.41	29.41

Money Market Rates	Current	Previous	Change
Interbank Rate	4.420%	4.276%	-0.144
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	8.500%	9.00%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index remained tepid on Tuesday at 98.230 with traders reluctant to make moves as U.S.-China trade talks dragged on. The Chinese Ministry of Commerce said in a statement that the two countries had "reached consensus on properly resolving relevant issues" during a phone call Tuesday morning Beijing time, but did not provide any further details. The call was later confirmed by U.S. officials. But they also said that obstacles still remain. Data from the Commerce Department showed that the goods trade deficit fell sharply in October due to reduced trade flows from the White House's toughened stance on trade with China. But while Trump said Washington was in the "final throes" of work on a trade deal with Beijing, he also underscored U.S. support for protesters in Hong Kong, seen as a sore point for Beijing.

The GBP/USD pair fell to \$1.2860 on Tuesday over worry that the Conservative Party's lead in the December election is narrowing. A poll released on Tuesday showed that the Conservatives are at 43%, while Labour is at 32%. The Dec. 12 election is expected to be close, as Brexit looms as the main issue facing voters.

The euro was slightly weaker at \$1.1017 on Tuesday, due to uncertainty of the trade negotiations. Focus will be on German import price index due today which will give price direction.

The Japanese yen took bids to 109.10 during Wednesday's Asian session. US-China nears phase-one deal, doubts over phase-two prevails.

Elsewhere, global oil prices traded lower on Wednesday at \$63.09 in Asia after the American Petroleum Institute reported that U.S. oil inventories rose last week. Looking ahead, next week's OPEC meeting will be the center of attention.

Indicative Profit Rates on Deposits		
Amounts > 10 Million	Amounts >100,000	
	KES	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	1.0970	1.1130
GBP/USD	1.2800	1.2930
USD/AED	3.6675	3.6775
USD/JPY	108.50	109.60

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