



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

## TREASURY MARKET UPDATE 28<sup>TH</sup> NOVEMBER 2019

### DOMESTIC NEWS

The shilling waffled to the weaker side as demand for the greenback dominated the mid-week trading session. The home unit drifted further south against its American counterpart, in its third consecutive day of losses owing to increased dollar demand which rattled markets leaving the local unit weaker by the closing bell. We continue to anticipate moderate retracement on the shilling in the coming days, if demand for dollars persists. By close of trade, the local unit stood at 102.45/65, as compared to Tuesday's close of 102.35/55.

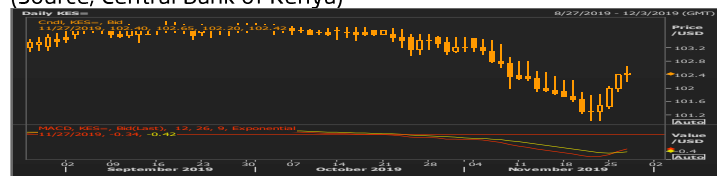
In the meantime, a Kenyan parliament committee has cut the extra funding the finance ministry had requested in the 2019-20 budget, saying the ministry's revenue collection will fall short of forecasts. In mid-November, the finance ministry requested an 86.60 billion shilling, or 3% rise in spending for roads, health, and projects to support the manufacturing sector, a priority of President Uhuru Kenyatta. But the parliament's budget and appropriations committee slashed the amount to 49.77 billion shillings. The committee said the government's revenue collection performance for 2019-20, which ends next June, may fall short by about 120 billion shillings to 1.7 trillion shillings. In other news, the monetary authority mopped up KES 10 Billion in excess liquidity at a weighted average rate of 8.114% 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	128.55	136.55	129.05	136.05
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	4.857%	4.420%	0.437
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 posted gains at 98.340 on Wednesday after the latest measure showed the U.S. economy grew more than expected in the third quarter. The Commerce Department reported that gross domestic product increased at a 2.1% annualized rate, compared to 1.9% in the first reading. In a separate report, durable goods gained 0.6% after falling 1.4% in the prior month. The greenback was also cushioned by comments from U.S. President Donald Trump, who said the U.S. was in the "final throes" of a deal with China. In comments he also underscored Washington's support for protesters in Hong Kong, which Beijing has called out against. Trading is expected to be thin due to Thursday's Thanksgiving holiday.

The GBP/USD surged to 1.2920 on Wednesday after poll suggests the ruling Tory party will keep the helm of the United Kingdom with a huge majority coupled with expectations that the Tory manifesto might weigh on the ruling party's fame ahead of the December election. A positive mood in financial markets also offered support to the sterling.

The euro was under heavy pressure at 1.1006 on Wednesday and is operating on slippery grounds and will likely have a hard time defending key support, unless German inflation data due out today blows past estimates, weakening dovish ECB expectations.

The Japanese yen is currently trading at 109.50 early Thursday on the back of solid US data. Risk sentiment was generally positive, with equities and government bond yields posting modest gains.

Elsewhere, global oil prices fell on Thursday to \$63.90 per barrel, extending losses from the previous session after official data showed U.S. crude and gasoline stocks rose against expectations and production hit a record.

### 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	1.0980	1.1140
GBP/USD	1.2850	1.2980
USD/AED	3.6675	3.6775
USD/JPY	108.60	109.90

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