



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH OCTOBER 2019

DOMESTIC NEWS

The Kenyan shilling lost some ground against the greenback in active trading on Friday after strengthening for three consecutive days as an uptick in end-month dollar demand from importers marginally outweighed inflows from remittances and portfolio investors buying government debt. By close of trade, the local unit stood at 103.40/60 compared to Thursday's close of 103.20/40.

We expect the local currency, which has depreciated around 1.6% against the dollar on a year-to-date (YTD) basis, to remain relatively stable in coming days as improving dollar inflows from foreign investors and remittances meet end month dollar demand from importers. Meanwhile the central bank mopped up KES 15 billion in excess liquidity at a weighted average of 7.75% in the 7-day repo on Friday.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.00	107.00	101.00	106.00
GBP/KES	128.70	136.70	129.20	136.20
EUR/KES	111.20	118.20	111.70	117.70
AED/KES	26.68	29.68	26.68	29.68

Money Market Rates	Current	Previous	Change
Interbank Rate	6.5784%	6.7578%	-0.179
91-Day T-bill	6.424%	6.362%	0.062
182-Day T-Bill	7.223%	7.241%	-0.018
364-Day T-Bill	9.780%	9.787%	-0.007
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 strengthened against major global currencies on Friday after U.S. and Chinese trade officials neared finalizing parts of the Phase 1 trade pact, according to a statement by the U.S. Trade Representative's office. The greenback's strength came ahead of a U.S. Federal Reserve meeting this week where policymakers are expected to cut interest rates further but emphasize their reluctance to ease policy further.

Meanwhile, the GBP/USD pair edged down on Friday as the E.U. failed to set a date for Britain's departure from the bloc while the UK parliament squabbled over PM Boris Johnson's call for an election to break the deadlock. EU ambassadors agreed in principle to a delay beyond the Oct. 31 deadline, but will not decide the length of the extension until Monday or Tuesday. On the day, the pound was down 0.3% to settle at \$1.2815.

The euro also fell 0.2% against the rebounding dollar to settle at \$1.1080 despite a survey revealing that German business morale held steady in October. On the other hand, euro zone inflation and growth expectations have continued to fall, a key ECB survey showed on Friday, providing further justification for its latest stimulus package.

The Japanese yen also fell against the greenback and is currently trading at 108.75, which is the lowest level since Aug. 1.

Elsewhere, global oil prices rose on Friday, registering the strongest weekly gains in more than a month as support from optimism over a U.S.-China trade deal, falling U.S. crude stocks and possible action from OPEC to extend output cuts outweighed broader economic concerns. Brent crude ended 0.4% higher at \$61.90 a barrel, logging a weekly gain of more than 4%, its best since Sept. 20.

Indicative Profit Rates on Deposits

Amounts > 10 Million	Amounts >100,000	
	KES	USD
2 Weeks	6.50%	1.50%
1 Month	7.00%	2.00%
3 Months	8.00%	2.50%
6 Months	8.50%	3.00%
1 year	9.00%	3.25%

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1030	1.1130
GBP/USD	1.2765	1.2865
USD/AED	3.6675	3.6785
USD/JPY	108.25	109.25

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