



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

## TREASURY MARKET UPDATE 2<sup>ND</sup> DECEMBER 2019

### DOMESTIC NEWS

The Kenyan shilling enjoyed a good run against the U.S dollar, earning itself a podium finish buttressed by foreign currency inflows. Friday's session saw a hive of activity as both counters flexed their muscles from the onset. It was however the home unit that had the upper hand, as interbank players peddled their surplus dollar holdings which was no match for the existing market appetite. Going into the new week, it remains to be seen whether the home unit will extend the renewed uptick as market players keep a beady eye on new factors to give directional impetus. By close of trade, the local unit stood at 102.45/65, as compared to Thursday's close of 102.75/95.

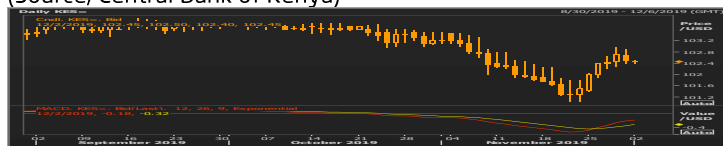
In the meantime, Kenya's year-on-year inflation rose to **5.56%** in November from 4.95% a month earlier, the statistics office said on Friday. The food and non-alcoholic beverages index rose to 9.58% compared with October. Kenya's central bank cut its benchmark lending rate for the first time in more than a year, saying tightening fiscal policy had provided room to ease in an effort to bolster an economy operating below its potential. In other news, Kenya's parliament has approved 78.14 billion shillings (\$769.85 million) in extra spending requested by the Treasury in its revised budget for the 2019/20 financial year. The finance ministry had asked for an additional 86.60 billion shillings, or a 3% rise in spending for roads, health, and projects to support the manufacturing sector, but parliament reduced the additional funds.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.05	106.05	100.05	105.05
GBP/KES	128.45	136.45	128.95	135.95
EUR/KES	109.50	116.50	110.00	116.00
AED/KES	26.42	29.42	26.42	29.42

Money Market Rates	Current	Previous	Change
Interbank Rate	5.679%	5.053%	0.626
91-Day T-bill	7.162%	7.131%	0.031
182-Day T-Bill	8.204%	8.215%	-0.011
364-Day T-Bill	9.800%	9.804%	-0.004
Inflation	5.560%	4.950%	0.610
CBR RATE	8.500%	9.00%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was relatively stable at 98.360 on Friday in holiday-thinned trade as U.S-China trade progress remained in focus. U.S. President Donald Trump signed a law backing Hong Kong protests despite potential backlash from Beijing as the two superpowers try to resolve their trade differences. Chinese officials have threatened to take "firm countermeasures" and Chinese Vice Foreign Minister demanded that Washington immediately stop interfering in China's domestic affairs. The law threatens to derail progress on trade talks, with the next batch of American tariffs on Chinese goods due to begin on Dec. 15.

The GBP/USD pair inched up to \$1.2917 on Friday. The sterling has been firmer of late with the Brexit Party promising not to stand against the Tories in constituencies where there is a sitting Tory MP, underpinning the likelihood of a Tory majority after the General Election later this month which diminishes the immediate threat of a no-deal Brexit.

The euro was unmoved at \$1.1010 on Friday, not impressed by the upbeat China factory data and is flashing red ahead of the European Central Bank President Christine Lagarde's testimony to the European parliament. The pair will likely find bids if ECB's Christine Lagarde urges European leaders to boost spending, suggesting low odds of more monetary stimulus.

The Japanese yen is currently trading at 109.70 early Monday. Last week, President Trump signed the Hong Kong Democracy Bill. The move was criticized by China as interference into its matters.

Elsewhere, global oil prices recovered on Monday to \$61.28 amid China's better-than-expected PMI data and expectations that the Organization of the Petroleum Exporting Countries and allies may deepen output cuts at their meeting later this week.

### 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	1.0975	1.1110
GBP/USD	1.2870	1.2960
USD/AED	3.6675	3.6775
USD/JPY	109.00	110.20

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