



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 2ND OCTOBER 2019

DOMESTIC NEWS

The shilling drifted on quiet waters for the better part of Wednesday with the local unit ending the day unchanged versus the greenback. Minimal foreign currency inflows matched the trivial dollar demand to leave the home unit little changed versus its American counterpart with most local players keeping a distance and global trends failing to rattle the market. By the closing bell, the local currency stood at 103.75/95, same as Tuesday's close.

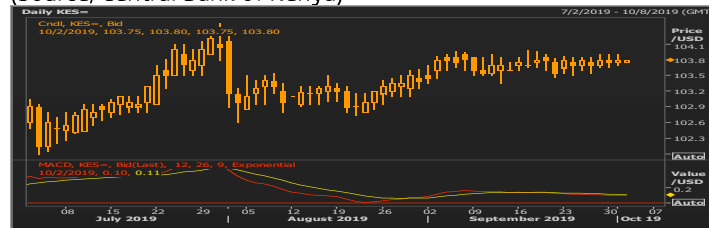
In the meantime, Kenya's economy grew by **5.6%** in the second quarter of this year, down from expanding 6.4% in the same period a year earlier, the statistics office said. It attributed the deceleration in growth to a slowdown in the key farming sector, which accounts for close to a third of output, manufacturing and transportation. "Agriculture's performance as well as that of electricity and water supply were mostly hampered by a delay in the onset of the long rains," the Kenya National Bureau of Statistics said in the report. The governor of the central bank Patrick Njoroge last week maintained a full year growth forecast of 6%, citing robust bookings in the tourism sector. In other news, the monetary authority mopped up KES 40 Billion in excess liquidity at a weighted average rate of 8.993% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.40	107.40	101.40	106.40
GBP/KES	123.60	131.60	124.10	131.10
EUR/KES	110.10	117.10	110.55	116.55
AED/KES	26.79	29.79	26.79	29.79

Money Market Rates	Current	Previous	Change
Interbank Rate	7.948%	7.349%	0.599
91-Day T-bill	6.307%	6.368%	-0.061
182-Day T-Bill	7.175%	7.150%	0.025
364-Day T-Bill	9.777%	9.705%	0.072
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 tumbled on Tuesday to 99.307 after manufacturing data from the ISM fell to a 10-year low. The closely watched ISM manufacturing index came in lower than expected, increasing tensions that the impact of the trade war with China is spilling over into the domestic economy. A slowdown in U.S. economic growth would remove one of the few remaining bright spots in the global economy and come just as Europe is seen as close to falling into recession. U.S. President Donald Trump once again lashed out at the Federal Reserve on Tuesday, saying the central bank has kept interest rates "too high" and that a strong dollar is hurting U.S. factories.

The GBP/USD pair lost to 1.2230. Sterling continued to fall, as the countdown to Brexit continues. Leaked reports surfaced that the U.K. government plans to put in customs checks between the border of Northern Ireland and the Irish Republic, which the EU and Ireland have rejected.

The euro on Tuesday eked out a gain at 1.0933 and could remain better bid, courtesy of the heightened US recession fears and the resulting rise in the odds of an October Federal Reserve rate cut.

The Japanese yen is steady in the Tokyo open at 107.80 with thin trade expected following an explosive session overnight and with a lack of liquidity in Asia due to the Chinese holidays. It tumbled on the back of a surprise spike to the downside in US PMIs which have reminded investors of the fragileness of the global economic backdrop, fueling a flight to safety and the Yen was a top performer.

Elsewhere, global oil prices rebounded to \$59.34 on Wednesday as data from the American Petroleum Institute showed U.S. crude stockpiles unexpectedly dropped last week.

Indicative Profit Rates on Deposits

Amounts > 10 Million	Amounts >100,000	
	KES	USD
2 Weeks	6.50%	2.00%
1 Month	7.00%	2.50%
3 Months	8.00%	2.75%
6 Months	8.50%	3.50%
1 year	9.00%	3.75%

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0900	1.1030
GBP/USD	1.2205	1.2310
USD/AED	3.6675	3.6775
USD/JPY	107.60	108.40

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