



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

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

### DOMESTIC NEWS

The tide continued to turn against the Kenyan Shilling on Friday as a result of increased foreign currency requirement. An uptick in corporate activity on the demand counter outweighed dollar sellers and exerted upward pressure on the USDKES currency pair throughout the session. The local unit is likely to remain within its recently established ranges with a slightly bearish bias in the interim until demand for the dollar fizzles out. By close of trade, the local currency stood at 103.55/75, as compared to Thursday's close of 103.50/70.

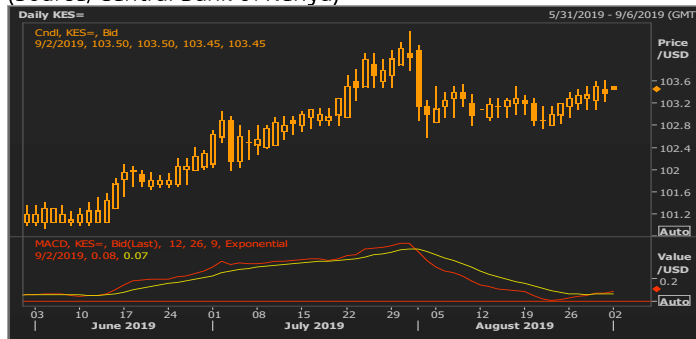
Kenya's inflation fell to 5.00% year-on-year in August from 6.27% a month earlier, helped by falling food prices, the statistics office said on Friday. This is the softest inflation rate since March, mainly reflecting weaker food price growth. In the meantime, the monetary authority mopped up KES 25B in excess liquidity at a weighted average rate of 7.993% in the 7-day repo and 8.266% in the 14-day repo.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.10	107.10	101.10	106.10
GBP/KES	121.95	129.95	122.45	129.45
EUR/KES	110.35	117.35	110.85	116.85
AED/KES	26.70	29.70	26.70	29.70

Money Market Rates	Current	Previous	Change
Interbank Rate	5.076%	4.729%	0.347
91-Day T-bill	6.385%	6.398%	-0.013
182-Day T-Bill	7.011%	7.020%	-0.009
364-Day T-Bill	9.392%	9.248%	0.144
Inflation	5.000%	6.270%	-1.270
CBR RATE	9.00%	9.00%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar fell Friday after consumer sentiment declined to its lowest level since October 2016 as U.S.-China tariff concerns hit domestic spending. The consumer sentiment for August came in at 89.8, which was below expectations for a reading of 92.3. The lower final reading was mainly due to tariff concerns. Meanwhile, investors remained upbeat, buoyed by hopes of progress in the U.S.-China trade dispute. U.S. President Donald Trump said some talks had been held on Thursday, dialing back earlier claims that top Chinese officials had called, while China said the negotiating teams were maintaining communication. However, over the weekend, tariffs of 15% on USD110 billion worth of Chinese imports took effect as did tariffs of between 5% to 10% on a range of U.S. goods.

The GBP/USD pair recovers as it takes the bids to 1.2160. Political plays are getting murkier in Britain as Tory whips are warned not to go against the United Kingdom's Prime Minister Boris Johnson's agenda of proroguing the parliament.

The euro stood at \$1.0991, but sentiment for the common currency was weak after it tumbled on Friday to the lowest in more than two years. German Chancellor Angela Merkel's conservatives and her coalition partners held off a surge in far-right support in two state elections in eastern Germany on Sunday.

The Japanese yen strengthened to 106.18 on Monday, thanks to bigger appetites for safe-haven assets as Washington and Beijing put additional tariffs on each other's exports.

Elsewhere, global prices dropped to \$ 55.09 per barrel on Monday as new tariffs on both the U.S. and China trade dispute took effect, adding to concerns to a lower demand for crude.

### 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	1.0450	1.1160
GBP/USD	1.2100	1.2240
USD/AED	3.6675	3.6775
USD/JPY	106.00	107.20

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