



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST OCTOBER 2019

DOMESTIC NEWS

The Kenyan shilling strengthened further against the greenback on Wednesday on the back of increased inflows into the local debt and stock markets from investors abroad amid subdued end-month dollar demand from importers. By close of business, the local unit stood at 103.10/30, 20 cents stronger than Tuesday's close of 103.30/50. We expect the shilling to continue on a bullish trend in the near term if increased dollar supply continues to outweigh demand.

Meanwhile, Kenya's economy is expected to expand by 6.0% next year, rising from projected growth of 5.8% this year, due to a favourable weather outlook, the World Bank said on Thursday. Kenya's economy has grown by an average of more than 5% in the last five years, but investors have been concerned by growing public debt, which nominally rose to 62.3% of GDP last year, from 59.1% previously. The World Bank also welcomed the prospect of the removal of a cap on commercial lending rates, saying it could boost the economy.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.70	106.70	100.70	105.70
GBP/KES	129.45	137.45	129.95	136.95
EUR/KES	111.75	118.75	112.25	118.25
AED/KES	26.60	29.60	26.60	29.60

Money Market Rates	Current	Previous	Change
Interbank Rate	6.512%	6.531%	-0.019
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 fell against a basket of major currencies on Thursday, reversing earlier gains, after the Federal Reserve cut interest rates for the third time this year but signaled its rate-cut cycle might be at a pause, as was broadly expected. In lowering its policy rate by 25 basis points to a target range of between 1.50% and 1.75%, the U.S. central bank dropped a previous reference in its policy statement that it "will act as appropriate" to sustain the economic expansion - language that was considered a sign for future cuts.

Meanwhile, the GBP/USD pair rose 0.5% against the dollar to close at \$1.2925 after British PM Boris Johnson won parliamentary approval to hold a general election in December. Johnson, who has failed to deliver on his "do or die" promise that Britain would leave the E.U. on Oct. 31, secured the election agreement for mid-December just hours after the EU granted a third delay to Brexit. While the risk of a no-deal Brexit has been taken off the table, there is a chance that a Conservative election win could embolden hardline Brexit elements of the party to push for a more disruptive break from the E.U.

The euro was also up against the weaker dollar and last changed hands 0.5% higher at \$1.1165.

The Japanese yen was little changed against the greenback at 108.65 per dollar after the Bank of Japan kept monetary policy steady on Thursday as was expected.

Elsewhere, global oil prices fell for a fourth day on Wednesday, extending losses after a surge in U.S. inventories surprised investors, overshadowing an interest rate cut by the Federal Reserve. Brent crude futures were down almost 1% to close at \$60.80 a barrel on the day.

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	1.1115	1.1215
GBP/USD	1.2875	1.2975
USD/AED	3.6675	3.6785
USD/JPY	108.15	109.15

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