



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 3RD DECEMBER 2019

DOMESTIC NEWS

The local unit faced headwinds in Monday's session, giving up some of its recent gains versus the dollar as activity picked on the foreign currency demand counter. The mood turned sour for the home unit on account of increased foreign currency demand from importers. A number of interbank and corporates players were on scene roiling the market in search for decent offers on the US dollar. This saw the shilling chase the elusive dollar, to take the USDKES currency pair higher. By close of trade, the local unit stood at 102.60/80, as compared to Friday's close of 102.45/65.

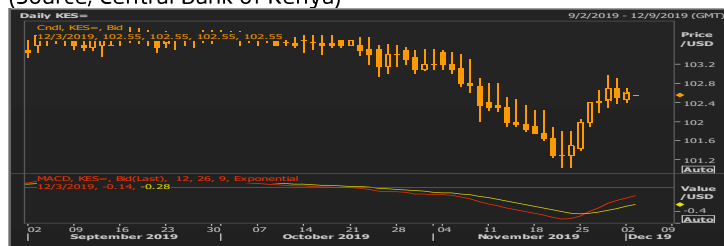
In the new day, we anticipate that the home unit will continue trading within the current form given shilling fundamentals still remain weak, albeit with a bearish gust, as plodding dollar demand witnessed recently, somewhat poses a threat to the shilling's run for additional glory. Meanwhile, The Central Bank of Kenya announced the sale of a new 5Yr Bond, FXD3/2019/5Yr. The CBK will be looking to secure KES 25Bn from this auction and the sale period closes next week Tuesday, 10-Dec-2019. In other news, the monetary authority mopped up KES 5 Billion in excess liquidity at a weighted average rate of 8.00% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.20	106.20	100.20	105.20
GBP/KES	128.90	136.90	129.40	136.40
EUR/KES	110.25	117.25	110.75	116.75
AED/KES	26.46	29.46	26.46	29.46

Money Market Rates	Current	Previous	Change
Interbank Rate	5.969%	5.679%	0.290
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 traded near a one-week low on Monday at 97.887 on concerns about weak U.S. manufacturing data and signs of new fronts in the U.S. trade war. Recent U.S. economic data had shown signs of improvement, so a fourth consecutive month of shrinking manufacturing activity as well as an unexpected decline in construction spending put a big dent in hopes that the world's largest economy had stabilized. US-China trade talks remained a focus for traders with uncertainty remaining after Trump said on Monday that the signing last week of two pieces of legislation in the US that support protesters in Hong Kong would not make negotiations easier, but that China still wants a deal.

The GBP/USD pair was down to \$1.2933 on Monday as the UK moves closer to an election on December 12. The results of the election could lend some clarity to the future of Brexit. In addition, the UK manufacturing sector activity slowed in the month of November to 48.9 from 48.30 adding to the sterling's woes.

The euro jumped to \$1.1090 on Monday, printing its biggest single-day rise since Sept. 17. The Trump administration said late Monday it is planning to impose tariffs up to 100% on around \$2.4 billion of French goods in retaliation to France's decision to impose tax on digital services.

The Japanese yen took bids to an intra-day high of 109.15 by the press time of early Tuesday as Japanese Economic Minister explained that the economy consumption is still at a low level.

Elsewhere, global oil prices held gains at \$56.16 on Tuesday as Saudi Arabia is reportedly pushing for extended supply cut plans, even as stocks fell across Asia following the announcement of fresh tariffs by US President Donald Trump.

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	1.1020	1.1160
GBP/USD	1.2900	1.2995
USD/AED	3.6675	3.6775
USD/JPY	108.50	110.10

For more details, contact our Treasury staff- Michael, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.