



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 3RD SEPTEMBER 2019

DOMESTIC NEWS

The recent weakening narrative went a notch higher yesterday, as dollar demand dominated the show. However, the session proceeded at a snail pace as players on the supply counters continued to dance to the tune of reduced activity that has characterized the local FX market. Despite a dearth in activity, the local unit was overshadowed by its U.S. counterpart to close marginally weaker. By close of trade, the local currency stood at 103.60/80, as compared to Friday's close of 103.55/75.

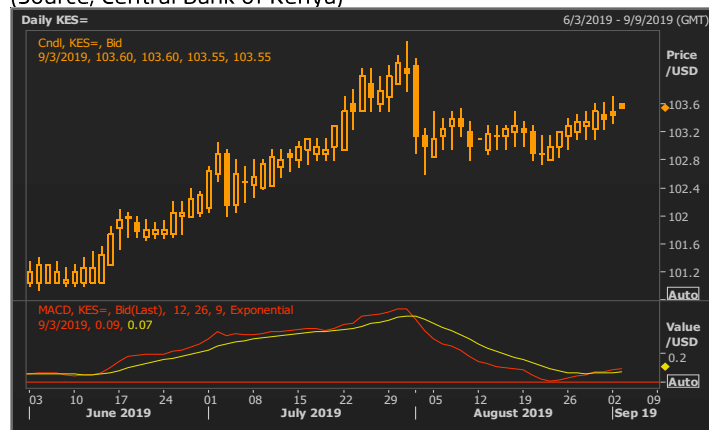
In the new week, it is expected that the shilling will continue trading with a defensive tone, barring any intervention or change in fundamentals. In the meantime, the monetary authority mopped up KES 25B in excess liquidity at a weighted average rate of 7.298% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.15	107.15	101.15	106.15
GBP/KES	120.75	128.75	121.25	128.25
EUR/KES	109.85	116.85	110.35	116.35
AED/KES	26.72	29.72	26.72	29.72

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 was relatively stable against the other major currencies on Monday as concerns over the latest escalation in the U.S. - China trade war kept investors wary and volumes remained thin as U.S. markets were closed for the Labor Day holiday. Over the weekend, the U.S. slapped 15% tariffs on a variety of Chinese goods while China imposed new duties on U.S. crude oil in the latest build up in the protracted trade war between the world's two largest economies. Although U.S. President Donald Trump has said the two countries will hold talks in September, there are doubts any such talks would lead to a breakthrough.

The GBP/USD remains under pressure ahead of the much-awaited resumption of the British Parliament as Prime Minister Boris Johnson asked parliament to vote against any delays to his Brexit plan. The quote seesaws near 1.2030. The UK PM has already threatened to call a snap election on October 14, if he fails in today's crunch vote. Adding to the sterling woes are the manufacturing PMI numbers which came in at 47.4 for the month of August, the lowest reading since October 2012.

The euro fell to the lowest in more than two years, slipping to 1.0930. The single currency has been pressured lower by expectations that the European Central Bank will cut interest rates at its next monetary policy meeting on Sept. 12.

The Japanese yen is creeping higher in the Tokyo opening hour at 106.30. Tension is still running high in Hong Kong. Thousands of protesters blocked roads and public transport links to Hong Kong airport.

Elsewhere, global oil prices were mixed on Tuesday at \$58.71, as the ongoing U.S.-China trade war cast a pall over markets plus South Korean data adding to concerns over emerging markets.

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	1.0805	1.1120
GBP/USD	1.2010	1.2100
USD/AED	3.6675	3.6775
USD/JPY	106.00	106.90

For more details, contact our Treasury staff- Peter, Michael and Loryne 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.