



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 4TH OCTOBER 2019

DOMESTIC NEWS

The home unit was a tad stronger against the greenback, at the close of yesterday's trading, thanks to foreign currency inflows from various sectors of the economy. Matching flows dominated the session as the local unit oscillated within a tight range against the dollar albeit with a slightly bullish bias. Supply from both corporate and interbank players just about nudged demand to see the home unit end the day a shade firmer from the previous day. By the closing bell, the local unit stood at 103.70/90, as compared to Wednesday's close of 103.75/95.

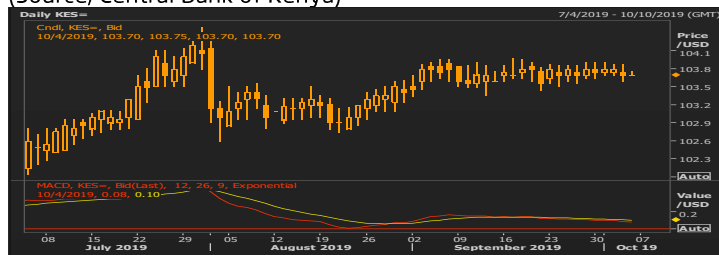
Subsequently, Kenya's private sector activity grew for the fifth straight month in September, boosted by an increase in new orders for businesses, a survey showed on Thursday. The Markit Purchasing Managers' Index for manufacturing and services rose to 54.1 in September from 52.9 in the previous month. Any reading above 50 indicates growth. Last week, lawmakers rejected a finance ministry request to scrap commercial lending rate caps that critics say have led to a credit growth squeeze. In other news, the monetary authority mopped up KES 10 Billion in excess liquidity at a weighted average rate of 8.855% in the 8-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.30	107.30	101.30	106.30
GBP/KES	124.05	132.05	124.55	131.55
EUR/KES	110.40	117.40	110.90	116.90
AED/KES	26.79	29.79	26.79	29.79

Money Market Rates	Current	Previous	Change
Interbank Rate	7.407%	7.408%	-0.001
91-Day T-bill	6.378%	6.307%	-0.071
182-Day T-Bill	7.200%	7.175%	0.025
364-Day T-Bill	9.798%	9.777%	0.021
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 edged higher on Thursday to 98.740 but struggled to make headway amid persistent concerns over fresh indications of a slowdown in the U.S. economy and a broadening of global trade frictions. Data earlier showed that initial jobless claims rose marginally last week, suggesting the labor market remains strong even as employers are becoming more cautious about hiring workers. Heightened worries about the U.S. service sector increased expectations that the U.S. Federal Reserve will cut interest rates at the end of this month, undermining the dollar's yield advantage. In the meantime, Chicago Fed President said the outlook for the U.S. economy is "quite good" but modest monetary policy adjustments will not be enough to offset potential economic shocks.

The GBP/USD pair fell to 1.2241. The British pound dipped after fluctuating in a tight range as British Prime Minister Boris Johnson proposed an all-island regulatory zone in Ireland in his final pitch for a Brexit deal before the end of the month. Sterling's outlook, however, remained uncertain after a cool response to the proposal from Brussels, leaving a no-deal exit from the European Union on Oct. 31 a real possibility.

The euro was a shade higher at \$1.0983 with key indicators flashing bullish conditions ahead of the all-important US Nonfarm Payrolls data due today.

The Japanese yen is currently trading at 106.77, as it has been flat with China still out and markets in wait and see mode ahead of the showdown which is going to be the Nonfarm Payrolls.

Elsewhere, global oil prices gained to \$57.99 on Friday in Asia but are set for huge weekly losses. Concerns of slowing demand increased following the release of weaker U.S. economic data.

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	1.1010
GBP/USD	1.2210	1.2315
USD/AED	3.6675	3.6775
USD/JPY	106.20	107.90

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