



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 4TH SEPTEMBER 2019

DOMESTIC NEWS

The local FX market marked a jittery start to the new day, with demand for the dollar outpacing foreign currency inflows leaving the shilling on the back foot. Activity in the market was well choreographed as importers and interbank players demanded for the foreign currency overpowering the supply counter ahead. By close of trade, the local currency stood at 103.65/85, as compared to Monday's close of 103.60/80.

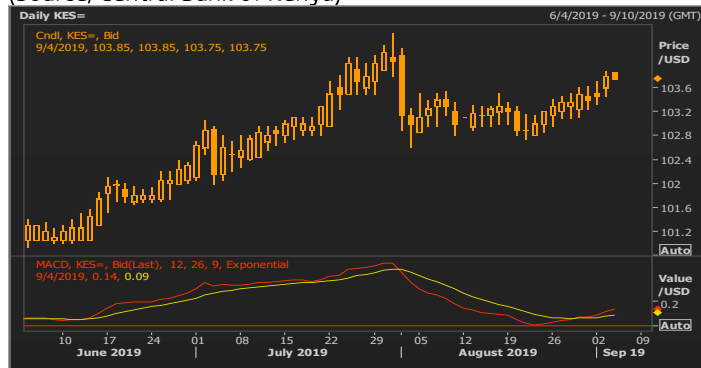
Kenya's foreign exchange reserves have declined to a 12-week low on volatility of the shilling, which has been under pressure from global currencies. The reserves stood at 9.25 billion U.S. dollars at the end of last week, which equals 5.78 months of import cover, down from the previous week's 9.38 billion dollars, according to the central bank's weekly statistical bulletin. In the meantime, the monetary authority mopped up KES 15B in excess liquidity at a weighted average rate of 8.742% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.35	107.35	101.35	106.35
GBP/KES	121.65	129.65	122.15	129.15
EUR/KES	110.45	117.45	110.95	116.95
AED/KES	26.77	29.77	26.77	29.77

Money Market Rates	Current	Previous	Change
Interbank Rate	5.376%	5.335%	0.041
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 rose pressured by concerns over the latest round of tariff hikes in the U.S.-China trade war and reports that the two sides were struggling to decide on the schedule for talks. Although U.S. President Donald Trump has said both sides would still meet for talks later this month. Trump pressured China to make a deal on Tuesday, warning that negotiations will become more difficult if he is reelected in 2020, compounding market fears that ongoing trade disputes between the U.S. and China could trigger a U.S. recession.

The GBP/USD pair was up to 1.2092 after falling to its lowest levels in about three years. British lawmakers defeated Boris Johnson in parliament on Tuesday in a bid to prevent him taking Britain out of the EU without a divorce agreement, prompting the prime minister to announce that he would immediately push for a snap election. On Wednesday they will seek to pass a law forcing Johnson to ask the EU to delay Brexit - for a third time - until Jan. 31 unless he has a deal approved by parliament beforehand on the terms and manner of the exit.

The euro touched a 28-month low against the dollar on Tuesday as investors priced in deeper negative interest rates for longer in the euro zone. Money markets has ratcheted up to 83% the probability that the European Central Bank will cut its benchmark rate by 20 basis points when it meets next week.

The Japanese yen pair traded up to 105.94 is flat in the Tokyo open having fallen from 106.30 after US ISM data.

Elsewhere, global oil prices recovered some ground to \$58.38 on Wednesday after touching their lowest in close to a month during the previous session on concerns that a weakening global economy could depress demand.

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	1.0700	1.0995
GBP/USD	1.2030	1.2150
USD/AED	3.6675	3.6775
USD/JPY	105.50	106.80

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.