



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 5TH NOVEMBER 2019

DOMESTIC NEWS

The Kenyan shilling held stable against the greenback for a third day running on Monday, supported by horticultural exports, remittances and foreign portfolio inflows amid weak dollar demand from importers. By close of trade, the local unit stood at 103.20/40, unchanged from Friday's close. We expect the local currency, which has depreciated by 1.3% against the U.S. dollar on a year-to-date (YTD) basis, to remain relatively stable in the short and medium term as importer dollar demand remains subdued.

Meanwhile, the central bank was in the market to mop up KES 30 billion in excess liquidity in the 7-day repo on Monday, with the weighted average coming in at 8.45% compared to 6.353% on Friday, indicating somewhat tight liquidity conditions in the local money market.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.80	106.80	100.80	105.80
GBP/KES	129.05	137.05	129.55	136.55
EUR/KES	111.40	118.40	111.90	117.90
AED/KES	26.62	29.62	26.62	29.62

Money Market Rates	Current	Previous	Change
Interbank Rate	5.663%	6.139%	-0.476
91-Day T-bill	6.390%	6.424%	-0.034
182-Day T-Bill	7.189%	7.223%	-0.034
364-Day T-Bill	9.780%	9.780%	0.000
Inflation	4.950%	3.830%	1.120
CBR RATE	9.00%	9.00%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar rose on Monday, after five straight days of losses, with investors more guarded despite increased risk appetite that pushed U.S. stocks and Treasury yields higher on hopes of a U.S.-China trade deal. Last week, the greenback fell as a safe haven as trade deal expectations with China improved and U.S. economic data showed more stability, particularly with Friday's generally upbeat U.S. non-farm payrolls report for October.

The GBP/USD pair slipped 0.4% against the rebounding dollar to settle at \$1.2880 on Monday, with investors' attention focused on political developments as election campaigning gets under way. UK PMI data showed that construction shrank for the sixth month in a row in October. The data was in line with expectations and reflected a slowdown in growth due to political uncertainty. With just over five weeks until the UK heads to the polls on Dec. 12, the Conservative party is leading in the polls and the risk of a "no-deal" Brexit is considered to have been reduced.

The euro also fell against an overall strong dollar and was down 0.3% to close at \$1.1125 as new European Central Bank (ECB) President Christine Lagarde delivered her first address as ECB chief on Monday but did not make a comment on monetary policy.

The Japanese yen was also lower against the stronger dollar, falling 0.5% on the day to settle at 108.75.

Meanwhile, global oil prices steadied in early trading on Tuesday as investors kept an eye on U.S. inventory data due later, following two days of gains on positive economic data and hopes for a Washington-Beijing trade deal. Brent crude futures were up 1.3% at \$62.15 a barrel.

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	1.1075	1.1175
GBP/USD	1.2830	1.2930
USD/AED	3.6675	3.6785
USD/JPY	108.25	109.25

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.