



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 5TH SEPTEMBER 2019

DOMESTIC NEWS

A choppy Wednesday session saw the home unit sink further against the greenback. The local currency fluttered between gains and losses in early trading as forces of demand and supply for foreign currency battled for dominance on the FX counters. Burgeoning demand for the dollar from the manufacturing sector pushed the USD/KES pair to close weaker. By close of trade, the local currency stood at 103.70/90, as compared to Tuesday's close of 103.65/85.

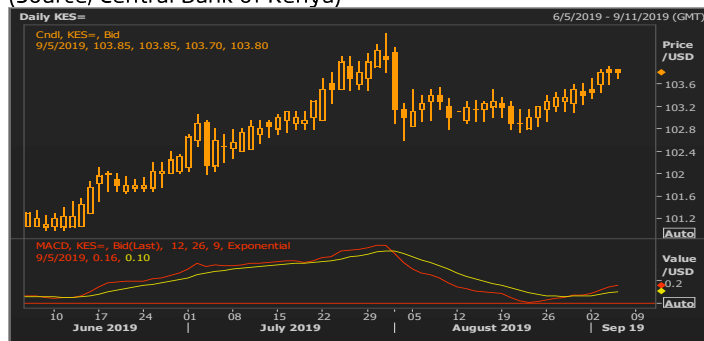
Kenya's private sector activity dropped in August to 52.9 from 54.1 in July, its lowest level since May, with cashflow problems hurting performance, a survey showed on Wednesday. The survey showed that activity was affected by cashflow problems, partly arising from a backlog of bills from government departments. Firms complain that the government takes years to settle bills for goods and services supplied to it. In the meantime, the monetary authority mopped up KES 1.5B 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	123.10	131.10	123.60	130.60
EUR/KES	111.05	118.05	111.55	117.55
AED/KES	26.77	29.77	26.77	29.77

Money Market Rates	Current	Previous	Change
Interbank Rate	5.566%	5.316%	0.190
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 fell on Wednesday after New York Federal Reserve President John Williams said that the economy looks "weaker than previously thought" and that the central bank needs to stay flexible. His comments cemented expectations that the central bank will cut rates at its meeting later in the month. In other news, investors cheered the announcement of U.S.-China trade talks for next month. The early-October talks will be held in Washington, China's commerce ministry announced, following a phone call between China's Vice Premier Liu He, U.S. Treasury Secretary Steven Mnuchin and U.S. Trade Representative Robert Lighthizer.

The GBP/USD pair jumped to 1.2240. The sterling recently surged as the United Kingdom lawmakers voted to avoid a no-deal Brexit and also turning down the Prime Minister Boris Johnson's proposed snap general election. As per the Labour sources cited by The Press Association, the UK government's legislation to stop a no-deal Brexit will be completed by Friday.

The euro also climbed to \$1.1033 after Christine Lagarde, the nominee to succeed Mario Draghi as head of the European Central Bank, said that eurozone member countries should spend more on measures that help economic growth. Focus today will be on German factory orders data due.

The Japanese yen surged to 106.14 in the Tokyo open, reports that the Hong Kong leader has finally agreed to scrap the bill that led to protests at home offered further support to the risk-on.

Elsewhere, global oil prices rose to \$60.91 on Thursday, rebounding from earlier losses, after the U.S. confirmed that talks with China to reach a trade agreement would be held in the coming weeks, giving hope that a dispute that has roiled global economies will be resolved.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	Price /USD	USD	Price /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	1.0995	1.1160
GBP/USD	1.2200	1.2305
USD/AED	3.6675	3.6775
USD/JPY	105.90	107.10

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