



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 6<sup>TH</sup> NOVEMBER 2019

### DOMESTIC NEWS

The Kenyan shilling strengthened marginally against dollar in lull trading on Tuesday as offshore investors' inflows into the local debt and stock market helped boost the supply of dollars in the market amid weak dollar demand from importers. By close of trade, the local unit was a tad higher at 103.10/30 compared to Tuesday's close of 103.20/40. We expect the shilling to remain relatively stable in the short term as improving inflows meet muted importer dollar demand.

Meanwhile, President Uhuru Kenyatta's bid to remove a cap on commercial lending rates was passed in parliament on Tuesday after legislators opposed to lifting the cap failed to muster the required numbers to overturn it. The government and the country's banks have blamed the rate cap, imposed in 2016, for curbing private sector lending growth and reducing the effectiveness of monetary policy. In the amendments to the rate cap legislation, legislators shielded existing loans from higher interest rates once the cap is repealed.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.70	106.70	100.70	105.70
GBP/KES	128.90	136.90	129.40	136.40
EUR/KES	110.75	117.75	111.25	117.25
AED/KES	26.60	29.60	26.60	29.60

Money Market Rates	Current	Previous	Change
Interbank Rate	5.439%	5.663%	-0.224
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 held the upper hand against its rivals on Tuesday on rising hopes for a U.S.-China trade deal and a string of solid U.S. economic data. Hopes that the Trump administration could roll back some of the tariffs it has imposed on goods from China boosted risk sentiment in financial markets. A survey on the vast U.S. service sector published on Tuesday also showed that business sentiment has improved in October from a three-year low in September. The data came after strong U.S. employment data on Friday.

The GBP/USD pair stayed within recent trading ranges after data showed Britain's services sector stagnated last month due to concerns about Brexit. On the day, the pound fell 0.1% to settle at \$1.2875. With the Bank of England set to hold interest rates unchanged at a policy meeting on Thursday and a national election less than six weeks away, investors will be watching closely any changes in opinion poll trends for the major political parties before adding positions on the pound.

The euro was down 0.5% against the resurging greenback to settle at \$1.1070 on Tuesday, not far from a near three-week low of \$1.1055 hit in early U.S. trade.

Against the dollar, the Japanese yen traded at 109.05, down 0.3% on the day but near a three-month low of 109.25 hit on Oct. 30.

Meanwhile, global oil prices fell in early trading on Wednesday, pulled down by a larger-than-expected build-up in U.S. crude stocks, after gaining for three straight sessions on expectations of an easing of in U.S.-China trade tensions. Brent crude futures were last at \$62.65 a barrel, down 0.6% on the day after rising 1.3% on Tuesday.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	KES	USD
2 Weeks	6.50%	1.25%		
1 Month	7.00%	1.75%		
3 Months	8.00%	2.00%		
6 Months	8.50%	2.25%		
1 year	9.00%	2.50%		

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1020	1.1120
GBP/USD	1.2825	1.2925
USD/AED	3.6675	3.6785
USD/JPY	108.55	109.55

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