



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 6TH SEPTEMBER 2019

DOMESTIC NEWS

The Kenya shilling's wings were marginally clipped on Thursday, paving way for its American counterpart to stand proud and tall. The home unit dipped versus the greenback on resurgence of market activity on the foreign currency demand counter. Dollar demand from the energy and manufacturing sector easily gulped foreign currency supply by investors buying local government securities, leaving the local unit lower at the closing bell. By close of trade, the local currency stood at 103.90/104.10 compared to Wednesday's close of 103.70/90.

We expect the local currency to remain under some pressure in the coming week due to sustained importer dollar demand amid excess liquidity in the money market. However, we see the shilling receiving some support from CBK's Open Market Operations. Yesterday, the regulator was in the market to mop KES 10B excess liquidity at a rate of 8.443% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.40	107.40	101.40	106.40
GBP/KES	124.10	132.10	124.60	131.60
EUR/KES	111.20	118.20	111.70	117.70
AED/KES	26.80	29.80	26.80	29.80

Money Market Rates	Current	Previous	Change
Interbank Rate	5.869%	5.566%	0.303
91-Day T-bill	6.375%	6.385%	-0.010
182-Day T-Bill	6.995%	7.011%	-0.016
364-Day T-Bill	9.520%	9.392%	0.128
Inflation	5.000%	6.270%	-1.270
CBR RATE	9.00%	9.00%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

Encouraging U.S. economic data gave the dollar an edge over its peers on Thursday, arresting a recent flight from the greenback as investors toned down recent gloom over the global economy. Separate surveys suggested the world's largest economy is in better shape than investors had feared. U.S. service sector activity accelerated in August and private employers boosted hiring beyond expectations. It contributed to a broad risk-on shift in money, bond and stock markets stoked by news that China-U.S. trade talks would resume next month.

Markets now await the government's monthly payrolls report later today for the next snapshot on the labour market's health.

The GBP/USD pair surged to a five-week high on Thursday and held most of those gains to trade around \$1.2325 after lawmakers voted to prevent Prime Minister Boris Johnson taking Britain out of the European Union on Oct. 31 without a transition agreement. Political uncertainty remained high as the prime minister renewed his effort to seek an election on Oct. 15 after a first attempt was defeated on Wednesday.

The euro was steady against the U.S. dollar at \$1.1035.

The Japanese yen, which was sold to a one-month low of 107.25 per dollar on Thursday, bounced a little to 106.95, a signal some caution remains.

Meanwhile, global oil prices edged higher on Thursday as trade tensions eased after Washington and Beijing agreed to hold high-level talks next month. Brent crude was up 0.3% to settle at \$61.10 a barrel. Brent is set to mark its fourth weekly gain.

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	1.0985	1.1085
GBP/USD	1.2275	1.2375
USD/AED	3.6675	3.6785
USD/JPY	106.45	107.45

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