



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH NOVEMBER 2019

DOMESTIC NEWS

The local unit remained buoyant on Thursday, touching its highest level in over 2 months against its U.S. counterpart. The Kenya shilling was on a bullish trajectory in early trading as foreign currency inflows continued to hit the market. Some dollars buyers emerged to take advantage of the perceived good price but were unable to halt the Shillings march below a key psychological barrier. We see the shilling continue to stand tall against the buck if recent dollar supply is anything to go by. By close of trade, the local unit stood at 102.70/90, as compared to Wednesday's close of 102.80/00.

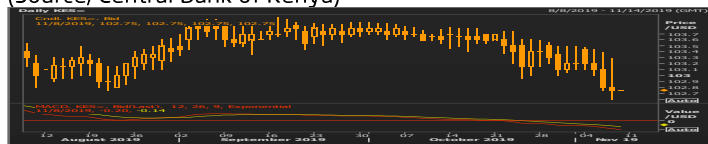
In the meantime, Kenya's President Uhuru Kenyatta has signed a law that scraps a cap on banks' commercial lending rates which had been blamed for stalling lending to businesses, his office said on Thursday. The government and the country's banks had blamed the cap, which the government imposed in 2016 to curb high interest rates, for constricting private sector lending growth and reducing the effectiveness of monetary policy. Lending to small and medium-sized businesses has dropped by 1.9 trillion shillings (\$18.50 billion) since the cap was imposed. Besides boosting credit flow to businesses, lifting the cap is also expected to help unlock a stand-by credit facility with the International Monetary Fund, once the government shows sufficient commitment to closing a gaping fiscal deficit.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.35	106.35	100.35	105.35
GBP/KES	127.60	135.60	128.10	135.10
EUR/KES	110.45	117.45	110.90	116.90
AED/KES	26.50	29.50	26.50	29.50

Money Market Rates	Current	Previous	Change
Interbank Rate	4.813%	4.546%	0.267
91-Day T-bill	6.390%	6.390%	0.000
182-Day T-Bill	7.189%	7.261%	-0.077
364-Day T-Bill	9.787%	9.780%	0.007
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 index jumped to 97.930 on Thursday, after reports that the U.S. and China have agreed to cancel trade tariffs, increasing hope that the two sides may sign a trade deal in the coming months. Chinese Commerce Minister Gao Feng said Beijing and Washington have agreed to phase out tariffs imposed during their 16-month-long trade war. Canceling tariffs is vital to the phase one trade agreement, which both sides have agreed to do as negotiation progress is made, he added. The two sides are working toward signing a deal this month but have yet to decide on a location for U.S. President Donald Trump and Chinese President Xi Jinping to meet.

The GBP/USD pair fell to 1.2817, after the Bank of England cut growth forecasts and left interest rates unchanged at 0.75% where it has been pegged since August of 2018, expecting the U.K. to grow at half the rate of 2018 due to slowing growth across the globe and the prolonged uncertainty over Brexit. The bank also hinted that it may cut interest rates soon if that uncertainty continues to depress output. For the first time in over a year, two policy makers dissented from the decision, pressing instead for an immediate rate cut.

The euro slipped to \$1.1053 after the European Commission cut its growth and inflation forecasts for the next two years.

The Japanese yen is currently trading at 109.35, having hit a high of 109.49 in the overnight trade, despite an upbeat Japanese data and amid the risk-on in the equity markets.

Elsewhere, global oil prices dipped on Friday to \$62.29, amid fading hopes that a deal to end the lingering trade war between Washington and Beijing would be signed any time soon, the gloom compounded by rising crude inventories in the United States.

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	1.1005	1.1090
GBP/USD	1.2760	1.2910
USD/AED	3.6675	3.6775
USD/JPY	108.50	109.70

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.