



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH OCTOBER 2019

DOMESTIC NEWS

The home unit gained versus its American counterpart in Monday's trading session to stand tall and proud. The domestic unit displayed resilience early morning as dollar supply sufficiently met demand from the manufacturing sector. As the day progressed, dollar buyers retreated to the sidelines, tipping the scales in favor of the local unit to close the day on the front foot. By close of trade, the local unit stood at 103.65/85, as compared to Friday's close of 103.75/95.

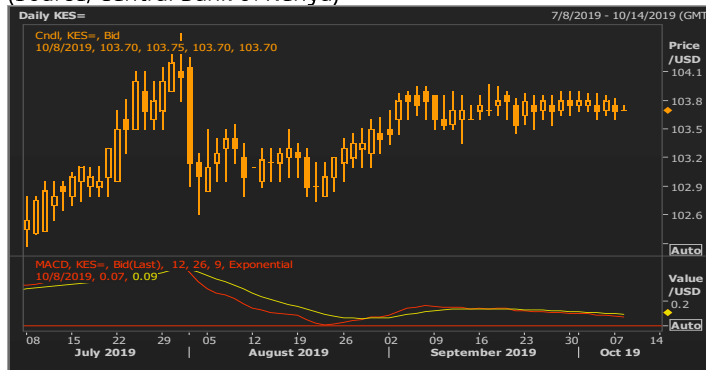
In the new day, we expect that the local currency movement today will be restrained within its current berth supported by foreign currency inflows that have been witnessed even as players hunt for market shifting headlines. That said, the trading ranges continue to be mainly flow driven with fundamentals taking a back seat in the interim. In other news, the monetary authority mopped up KES 50 Billion in excess liquidity at a weighted average rate of 8.553% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.30	107.30	101.30	106.30
GBP/KES	123.65	131.65	124.10	131.10
EUR/KES	110.40	117.40	110.95	116.95
AED/KES	26.76	29.76	26.76	29.76

Money Market Rates	Current	Previous	Change
Interbank Rate	7.205%	7.349%	-0.144
91-Day T-bill	6.378%	6.307%	-0.071
182-Day T-Bill	7.200%	7.175%	0.025
364-Day T-Bill	9.798%	9.777%	0.021
Inflation	3.830%	5.000%	-1.170
CBR RATE	9.00%	9.00%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was higher on Monday at 98.597 after reports playing down the chance of a breakthrough in the trade talks between the U.S. and China, which are due resume on Thursday. Reports that China had dug in its heels and is refusing to make concessions on its industrial policy, such as the extensive subsidies for state-owned enterprises. However, it's unclear that there was ever much will in Beijing to comply with that U.S. demand. It's also debatable whether any hardening of the Chinese stance is connected to the domestic political problems of President Donald Trump. Some analysts have argued that the risk of impeachment should logically deter Beijing from making any long-term agreements in the short-term.

The GBP/USD pair lacked any firm directional bias and was seen oscillating in a narrow trading band, just below the 1.2300 handle. Given that the bloc's officials see the UK PM Boris Johnson's new Brexit plan as insufficient, uncertainties surrounding Britain's exit from the European Union acted as one of the key factors exerting some pressure on the British Pound.

The euro strengthened a touch to 1.0970 after German factory orders for August fell again, but without the shock impact seen in previous releases. Incoming orders fell 0.6% on the month, more than expected, but that was offset by an upward revision to July's figures.

The Japanese yen traded with a mild positive bias at 106.65 through the Asian session on Tuesday and remained well within the striking distance of the overnight swing high.

Elsewhere, global oil prices gained to \$58.68, on Tuesday in Asia as traders await the outcome of this week's high-level U.S.-China trade talks.

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

	Value /USD	
	Bid	Offer
EUR/USD	1.0895	1.1020
GBP/USD	1.2210	1.2305
USD/AED	3.6675	3.6775
USD/JPY	106.20	107.90

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