



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 9TH OCTOBER 2019

DOMESTIC NEWS

The local unit rose modestly against its American counterpart in Tuesday's relatively active session. Augmented dollar supply in the market that buoyed the shilling as heightened activity was realized on the supply counter in early trading as dollar sellers divested their foreign currency holdings causing the home unit to gain. By close of trade, the local unit stood at 103.70/90, as compared to Monday's close of 103.75/95.

In the new day, direction for the USD/KES pair is expected to remain flow driven. In other news, the monetary authority mopped up KES 35 Billion in excess liquidity at a weighted average rate of 8.200% 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	122.75	130.75	123.25	130.25
EUR/KES	110.30	117.30	110.80	116.80
AED/KES	26.76	29.76	26.76	29.76

Money Market Rates	Current	Previous	Change
Interbank Rate	6.804%	6.963%	-0.159
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 relatively stable at 99.091. The Fed's Powell, in a speech on Tuesday, flagged openness to further rate cuts and said the time to allow the Fed's asset holdings to begin to expand again "is now upon us." The Fed had been shrinking its balance sheet as it unwound crisis-era bond buying programs. Recent volatility in U.S. money markets raised concern the Fed's balance sheet had become too small, leaving banks with inadequate reserves. Powell said balance sheet expansion should not be read as an effort to stimulate the economy, but weak data on the U.S. manufacturing and services sector last week rattled investors' confidence that the U.S. economy remained robust.

The GBP/USD pair tumbled to 1.2205. The pound fell on Tuesday, as the U.K. government blamed German Chancellor Angela Merkel of making any type of Brexit agreement impossible. Merkel told Prime Minister Boris Johnson that Northern Ireland must remain part of the customs union in any deal, which Johnson says has paved the way for a no-deal Brexit. The latest comments have increased tensions between the two ahead of a summit next week and decreased the chances of a deal being struck.

The euro traded at \$1.0965, as Brexit jitters stalled its gradual recovery from a low hit last week. Meanwhile, trade war headlines remain hopeful amid high-level trade talks in Washington.

The Japanese yen reversed an early Asian session dip to sub-107.00 levels and has now turned higher for the day, recovering a part of the overnight modest slide.

Elsewhere, global oil prices fell to \$58.02 on Wednesday as data from the American Petroleum Institute showed U.S. crude stockpiles rose last week. Escalating Sino-U.S. trade tensions also weighed.

Indicative Profit Rates on Deposits			
Amounts > 10 Million	KES		Amounts >100,000
	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	1.0900	1.1015	
GBP/USD	1.2190	1.2290	
USD/AED	3.6675	3.6775	
USD/JPY	106.60	107.90	

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