



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 11TH JULY 2019

DOMESTIC NEWS

The Kenyan shilling weakened against the dollar on Wednesday, due to excess liquidity in the money markets amid inflows from diaspora remittances and offshore investors buying government debt. As at close of business, the local currency was quoted at 102.85/05 as compared to Tuesday's close of 102.70/90.

The Central Bank of Kenya was in the repo market on Wednesday 10th July 2019, in a bid to mop KES 20 billion in 7,14 and 21-day Repo. For the 7-day repo, it received and accepted bids worth KES 400 million at a weighted average rate of 4.445%, for the 14-day repo it received and accepted bids worth KES 2.950 billion at a weighted average rate of 6.655%, with regards to the 21-day repo it received bids worth KES 13.800 billion but accepted bids worth KES 11.650 billion at a weighted average rate of 7.853%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.40	106.40	100.40	105.40
GBP/KES	124.90	132.90	124.50	132.50
EUR/KES	112.50	119.50	113.00	119.00
AED/KES	26.51	29.51	26.51	29.51

Money Market Rates	Current	Previous	Change
Interbank Rate	2.394%	2.104%	0.290
91-Day T-bill	6.685%	6.738%	-0.053
182-Day T-Bill	7.397%	7.487%	-0.090
364-Day T-Bill	8.610%	8.759%	-0.149
Inflation	5.700%	5.490%	0.210
CBR RATE	9.00%	9.00%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar dropped on Thursday in Asia after Federal Reserve Chair Jerome Powell reinforced prospects of a U.S. interest rate cut later this month. In an appearance before his congressional overseers on Wednesday, Powell confirmed that the U.S. economy is still under threat from disappointing factory activity, muted inflation and a simmering trade war. Powell said the central bank stands ready to "act as appropriate". The Fed chair's cautious stance on the world's largest economy helped revive some bets on heftier easing at its next policy meeting on July 30-31.

The GBP/USD pair buyers cheer the US Dollar weakness as the quote rises to 1.2534 while heading into the London open on Thursday. On the political front, the frontrunner to the UK Prime Minister's post, Boris Johnson, is criticized over his lack of support to the British Ambassador to Washington after Sir Kim Darroch resigned abruptly. Further, senior members of the opposition Labour party, like Seumas Milne and Jennie Formby have been accused of anti-Semitism, giving ruling Tories a chance to move away from criticizing Mr. Johnson.

The euro is solidly strong while heading into the European session, courtesy of the dovish testimony by the US Federal Reserve President Jerome Powell. The currency pair is currently trading above 1.1265.

Meanwhile, the yen continues to lose momentum at 107.95 owing to a fall in the US Treasury yields coupled with the heat of US-China trade tensions.

Oil prices rose to \$67.31 on Thursday as compared to \$64.89 the previous day, due to a storm brewing in the Gulf of Mexico threatening crude output, while an incident with a British tanker in the Middle East highlighted ongoing tensions in the region.

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	1.1210	1.1300
GBP/USD	1.2480	1.2590
USD/AED	3.6675	3.6775
USD/JPY	107.10	109.30

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