



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH JULY 2019

DOMESTIC NEWS

The Kenyan shilling held steady against the greenback on Thursday with dollar inflows from diaspora remittances and offshore investors buying government debt easing pressure from increased importer dollar demand. By close of trade, the local currency stood at 102.85/103.05, unchanged from Wednesday's close.

We expect the shilling to remain under pressure in the coming week due to increased dollar demand from the energy sector and from importation of maize that the government has agreed to. However, we expect the local currency to receive support from the Central bank through open market operations.

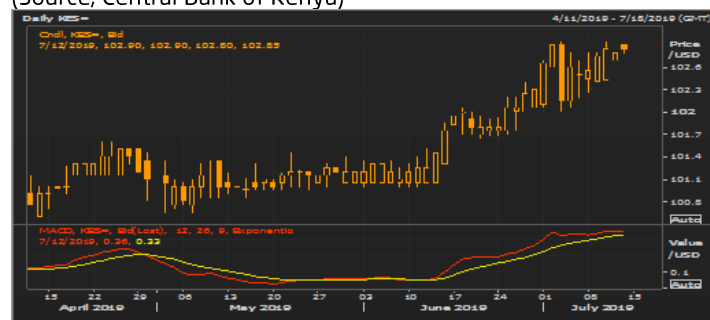
Meanwhile, the Central Bank of Kenya yesterday sold KES 44.1 billion worth of the 91-day, 182-day and 364-day Treasury Bills against a target of KES 24 billion, after receiving bids worth KES 44.1 billion. The Treasury bill yield for 91-day issue fell marginally while the 182-day and 364-day yields rose marginally.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.45	106.45	100.45	105.45
GBP/KES	125.15	133.15	125.65	132.65
EUR/KES	112.55	119.55	113.05	119.05
AED/KES	26.55	29.55	26.55	29.55

Money Market Rates	Current	Previous	Change
Interbank Rate	2.394%	2.394%	0.000
91-Day T-bill	6.600%	6.685%	-0.085
182-Day T-Bill	7.469%	7.397%	0.072
364-Day T-Bill	8.646%	8.610%	0.036
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 U.S. dollar held relatively steady against major global currencies steady on Thursday, having regained some traction after stronger-than-expected U.S. inflation data tempered the prospect of an aggressive Fed interest rate cut later this month. The core U.S. consumer price index excluding food and energy components rose 0.3% in June, the largest increase since January 2018. Markets are still fully priced for a quarter percentage point cut as U.S. policymakers seek to support a slowing economy.

The U.S. Treasury 10-year yield, which often dictates the direction of the dollar, was at 2.125% after jumping 8 basis points overnight on the strong U.S. inflation data and a weak 30-year bond auction.

The GBP/USD pair firmed marginally on Thursday, erasing most of this week's losses, thanks to broad-based dollar weakness, but a weakening economy and Brexit fears kept a firm lid on gains. The pound had briefly plumbed a two-year low this week at \$1.2440. On Thursday, it gained 0.3% to settle \$1.2545.

Meanwhile, the euro was a shade stronger at \$1.1275 but off a high of \$1.1285 scaled prior to the U.S. inflation data.

The dollar was little changed at 108.30 yen after rebounding from a low of 107.85 in response to dovish comments from Fed Chairman Jerome Powell.

Elsewhere, global oil prices held steady on Friday, hovering near six-week highs as U.S. oil producers in the Gulf of Mexico cut more than half their output in the face of a tropical storm and as tensions continued to simmer in the Middle East. The international benchmark was little changed at \$67.20.

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	1.1225	1.1325
GBP/USD	1.2495	1.2595
USD/AED	3.6675	3.6775
USD/JPY	107.80	108.80

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.