



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH AUGUST 2019

DOMESTIC NEWS

It was a quiet Wednesday with little to report, as the local currency treaded water for most of the day. Sideways trading was the dominant theme in the local currency market with activity from both demand and supply counters remaining well balanced throughout the session. By close of trade, the local currency stood at 103.15/35, same as Wednesday's close.

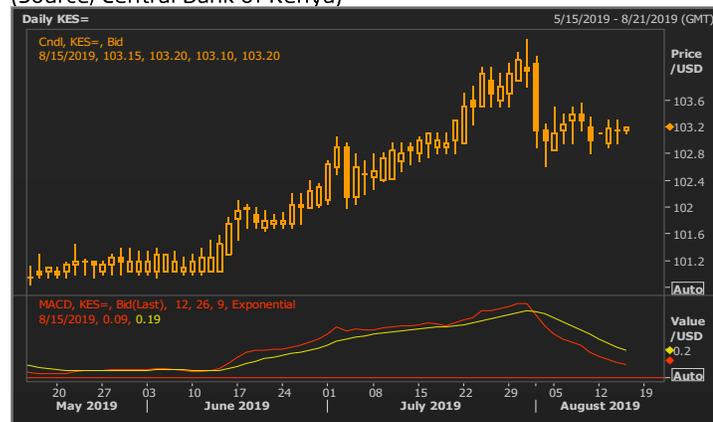
Looking ahead, with no new fresh factors in the market, USDKES will likely continue to trade within the recent familiar ranges. In other news, the Central Bank of Kenya sold KES 59.6 billion of the re-opened 10-year and 20-year Treasury bonds - FXD3/2019/10 and FXD1/2019/20 against a target of KES 50 billion after receiving bids worth KES 67.4 billion. The yields came at 11.517% and 12.744% for the 10-year and 20-year bonds respectively.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.75	106.75	100.75	105.75
GBP/KES	120.50	128.50	120.90	127.90
EUR/KES	111.65	118.65	112.10	118.10
AED/KES	26.61	29.61	26.61	29.61

Money Market Rates	Current	Previous	Change
Interbank Rate	3.825%	3.758%	0.067
91-Day T-bill	6.449%	6.547%	-0.098
182-Day T-Bill	7.154%	7.254%	-0.100
364-Day T-Bill	9.152%	9.038%	0.114
Inflation	6.270%	5.700%	0.570
CBR RATE	9.00%	9.00%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar slumped. Risk tone has been heavy off-late as sluggish activity data from China and the US-China trade tussle triggered the first in more than a decade yield curve inversion of the US 10-year and 2-year Treasuries, a sign of investor concern that the world's biggest economy may fall into recession. Adding to the sentiment is the latest drop of the US 30-year treasury yield to the record low under 2.0%. Furthermore, the trade concerns, while unabated and in combination with the current inversion of the yield curve, carry the potential to spark further 'insurance cuts' by the Federal Reserve and thus undermine the constructive prospects of the dollar in the next months.

The GBP/USD pair keeps the modestly unchanged status as it trades near 1.2060. The opposition Labour party leader Jeremy Corbyn vowed to table no-confidence vote as soon as he feels confident of getting full support for it during early September. Mr. Corbyn while preparing for Brexit delay and heading an intermediate government if the Prime Minister (PM) Boris Johnson fails in the parliament vote.

The euro was a touch higher against the dollar at 1.1182. The single currency showed little reaction to data showing that the German economy, the euro zone's largest, contracted 0.1% in the second quarter, amid fallout from the trade war.

The yen held on to gains at 105.85 in early trading on Thursday as growing signs of a global economic slump drove investors into safe-haven assets.

Elsewhere, global oil prices fell on Thursday to \$54.98, adding to sharp overnight losses as U.S. crude inventories unexpectedly rose, fears of recession mounted and economic data out of China and Europe disappointed.

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	1.1120	1.1200
GBP/USD	1.2010	1.2110
USD/AED	3.6675	3.6775
USD/JPY	105.00	106.40

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.