



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH JULY 2019

DOMESTIC NEWS

The Kenyan shilling weakened against the greenback on Friday due to increased liquidity in the money markets coupled with demand from the oil and manufacturing sectors. By close of trade, the local currency stood at 102.90/103.10, as compared to Thursday's close of 102.85/05.

We expect the local currency to remain under pressure in the coming week due to 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 and from tax payments due this week.

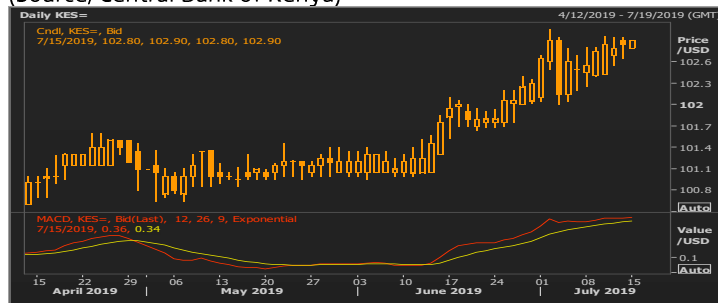
The Central Bank of Kenya was in the repo market on Friday 12th July 2019, in a bid to mop KES 35 billion in 7 and 14-day Repo. For the 7-day repo, it received and accepted bids worth KES 375 million at a weighted average rate of 4.568%, with regards to the 14-day repo it received and accepted bids worth KES 10.000 billion at a weighted average rate of 8.142%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.50	106.50	100.50	105.50
GBP/KES	125.40	133.40	125.90	132.90
EUR/KES	112.60	119.60	113.10	119.10
AED/KES	26.54	29.54	26.54	29.54

Money Market Rates	Current	Previous	Change
Interbank Rate	2.440%	2.383%	0.051
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 was near flat on Monday as rising inflation failed to deter expectations that the Federal Reserve will cut interest rate this month in response to the dovish message from Chief Powell and the FOMC minutes. Speculations among investors have already priced in a 25-bps rate cut this month, although a bigger rate cut is not utterly ruled out just yet. Trade tensions and global growth concerns continue to cloud the US outlook while the lack of upside traction in inflation remains worrisome. Confronting this scenario, the greenback still looks underpinned.

The GBP/USD pair manages to remain strong around 10-day high as it takes the bids to 1.2570 heading into the London open on Monday. On the other hand, the British political fraternity continues to favor Boris Johnson in the race of the Prime Minister even if he remains ready to trigger hard Brexit. A one week's time is still left before the Tory leadership contest gets over and both the candidates keep selling their promises from which Mr. Johnson has an upper hand.

The euro continues to consolidate Friday's bounce from near 1.1240 region, as the bears guard the 1.1275 barrier amid a broad US dollar rebound following last week's declines. However, further upside of the single currency appears limited amid the recent weak economic data from Eurozone's powerhouse, Germany.

The yen is currently trading at 108.05 and is likely to remain persistently range bound despite bouts of apparent dynamism.

Elsewhere, global oil prices slipped on Monday to 66.51, after China posted its slowest quarterly economic growth in at least 27 years, reinforcing concerns about demand in the world's largest crude oil importer.

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	1.1315
GBP/USD	1.2500	1.2620
USD/AED	3.6675	3.6775
USD/JPY	107.90	109.00

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.