



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH AUGUST 2019

DOMESTIC NEWS

The Kenyan shilling held relatively stable against the U.S. dollar for a second day running in lull trading on Thursday as healthy inflows from investors buying government debt and diaspora remittances evenly matched muted importer dollar demand. By close of trade, the local currency stood at 103.25/45, little changed from Wednesday's close of 103.15/35. We expect the local currency to remain relatively stable in the coming week, getting support from offshore investors' and remittance inflows amid subdued importer dollar demand and tightening liquidity in the local money market.

Meanwhile, the Central Bank of Kenya yesterday sold KES 20.8 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 20.8 billion. The Treasury bill yield for 91-day and 182-day issues fell marginally while the 364-day yield rose modestly.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.85	106.85	100.85	105.85
GBP/KES	121.00	129.00	121.50	128.50
EUR/KES	111.20	118.20	111.70	117.70
AED/KES	26.64	29.64	26.64	29.64

Money Market Rates	Current	Previous	Change
Interbank Rate	3.611%	3.826%	-0.215
91-Day T-bill	6.355%	6.449%	-0.094
182-Day T-Bill	7.052%	7.154%	-0.102
364-Day T-Bill	9.195%	9.152%	0.043
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 dollar recovered from the previous days' weakness against most major global currencies on Thursday as better-than-expected U.S. retail sales data tempered concerns that the U.S. economy could be headed for a recession. Fears of a recession had spiked after the U.S. Treasury yield curve inverted for the first time in 12 years. The U.S. bond market continued to flash a caution sign with 30-year Treasury yields dipping to a record low below 2% and benchmark 10-year notes dropping to a three-year trough.

However, the dollar rebounded on the day after data showed U.S. retail sales surged in July, helping assuage financial markets' fears about the U.S. economy, which has been enjoying the longest expansion in the country's history.

The GBP/USD pair rose on Thursday to settle at \$1.2100, supported by news that the opposition Labour Party was mounting a bid to bring down PM Boris Johnson and stop him taking Britain out of the EU without a deal. The currency also was lifted by better-than-expected retail sales, which came on the heels of Wednesday's higher inflation numbers that raised hopes the economy might be in better shape than previously thought.

The euro fell against the greenback to settle 0.7% lower at \$1.1100.

The yen fell against the dollar to close the day at 106.15 after rallying to, its biggest daily gain in two weeks on Wednesday.

Elsewhere, global oil prices rose in early trading on Friday following two days of declines, buoyed by better-than-expected U.S. retail sales. Brent crude, the international benchmark for oil prices, was up 0.9% to settle at \$59.05 a barrel.

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	1.1050	1.1150
GBP/USD	1.2050	1.2150
USD/AED	3.6675	3.6785
USD/JPY	105.65	106.65

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