



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH JULY 2019

DOMESTIC NEWS

The Kenyan shilling was on the defensive losing ground to the greenback on Tuesday to crossover the 103.00 hurdle. Dollar buying by corporates was the main driver, with shortage of foreign currency inflows to provide support. By close of trade, the local currency stood at 103.00/103.20, as compared to Tuesday's close of 102.95/15.

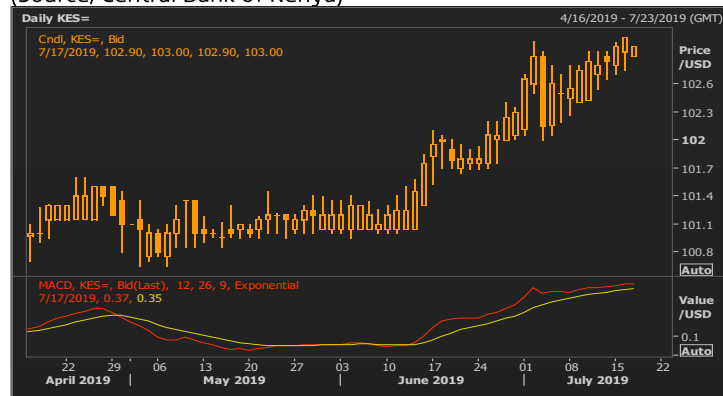
Kenya's foreign exchange reserves have increased by 742 million U.S. dollars after the east African nation received a World Bank loan. Central Bank of Kenya (CBK) data showed on Tuesday that its forex reserves stood at 9.765 billion dollars at the end of last week, from 9.023 billion dollars as of July 4. This marks a second significant jump in the east African nation's foreign currencies in under two months after the its forex reserves hit an all-time high of 10.06 billion dollars at the end of May following the proceeds of 2.1 billion dollars from Eurobond sold in April.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.60	106.60	100.60	105.60
GBP/KES	124.05	132.05	124.55	131.55
EUR/KES	112.10	119.10	112.60	118.60
AED/KES	26.57	29.57	26.57	29.57

Money Market Rates	Current	Previous	Change
Interbank Rate	2.197%	2.185%	0.011
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 dollar was firm after upbeat U.S. data tempered expectations of aggressive policy easing by the Federal Reserve later this month. Stronger-than-expected June U.S. retail sales data released on Tuesday reduced the chance of the Fed cutting interest rates by 50 basis points rather than 25 basis points at its month-end policy review. On the U.S.-China trade war, Trump said that the United States still has a long way to go to conclude a trade deal with China but could impose tariffs on an additional \$325 billion worth of Chinese goods if it needed to do so.

The GBP/USD pair recovered after hitting a low of 1.2396 while taking the bids to 1.2416 ahead of the London open on Wednesday. Amid Brexit uncertainties, Boris Johnson and Jeremy Hunt said that they were prepared to abandon the Irish backstop plan and that they will not accept a five-year time limit or a unilateral exit clause from the backstop.

The euro was well anchored at \$1.1212 after losing more than 0.4% the previous day. The losses came after a survey by the ZEW institute showed that the mood among German investors deteriorated more sharply than expected in July amid an unresolved trade dispute between China and the United States as well as political tensions with Iran.

The yen is currently trading at 108.17, after a fall in the U.S. Treasury yields.

Elsewhere, global oil prices were stable at \$64.56 on Wednesday in Asia after slumping more than 3% overnight following news that U.S. President Donald Trump and his administration are ready to start talks with Iran. In addition, multiple reports cited U.S. Secretary of State Mike Pompeo saying that, "for the first time" Iranian officials "are ready to negotiate on their missile program."

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	1.1190	1.1280
GBP/USD	1.2395	1.2520
USD/AED	3.6675	3.6775
USD/JPY	107.60	108.40

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.