



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH JULY 2019

DOMESTIC NEWS

The Kenyan shilling held relatively stable against the greenback on Wednesday as dollar inflows from diaspora remittances and offshore investors buying government debt met dollar demand from a cross section of importers. By close of business, the local currency stood at 102.95/103.15, little changed from Tuesday's close of 103.00/20.

We expect the local currency, which has weakened around 1% against the dollar on a year-to-date (YTD), to hold relatively stable against the U.S. dollar and trade in the 102.70/103.20 in the short term as improving remittances and inflows from agricultural exports and foreign investors offset importer dollar demand.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.55	106.55	100.55	105.55
GBP/KES	124.15	132.15	124.65	131.65
EUR/KES	112.30	119.30	112.80	118.80
AED/KES	26.55	29.55	26.55	29.55

Money Market Rates	Current	Previous	Change
Interbank Rate	2.071%	2.197%	-0.126
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 fell marginally against major global currencies on Wednesday as risk aversion in the broader markets pushed benchmark U.S. yields to a nine-day low. The dollar index versus a basket of six major currencies was down 0.2% at 97.08. The index had climbed to a one-week peak of 97.45 the previous day on stronger-than-expected U.S. retail sales. However, it edged lower as safe-haven Treasury yields fell in the wake of weak U.S. housing market data and concerns about the prolonged U.S.-China trade dispute.

Various economic data have given conflicting signs regarding the state of the U.S. economy, but that does not change the bigger picture of the dollar facing downward pressure due to an expected rate cut by the Federal Reserve later this month. The Fed is widely expected to lower interest rates by 25 basis points (bps) at its July 30-31 policy meeting, with some in the market wagering on a larger 50 bps cut.

Meanwhile, the GBP/USD pair was a shade higher at \$1.2440 against the weaker dollar on Wednesday after stumbling earlier to \$1.2380, its lowest since April 2017 amid growing risks of Britain leaving the European Union in a no-deal Brexit.

The euro added to modest intra-day gains and edged up 0.1% to settle at \$1.1240. The single currency's gains were limited as it was restrained by expectations of policy easing from the European Central Bank as early as next week.

Elsewhere, global oil prices fell more than 1% on Wednesday, extending a more than 3% drop in prices the previous session, after U.S. government data showed large builds in refined product stockpiles. Brent crude futures were down 1.1%, to settle at \$63.70 a barrel.

Indicative Profit Rates on Deposits

Amounts > 10 Million	Indicative Profit Rates on Deposits	
	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	1.1290
GBP/USD	1.2390	1.2490
USD/AED	3.6675	3.6775
USD/JPY	107.15	108.15

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