



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 18<sup>TH</sup> JUNE 2019

### DOMESTIC NEWS

The Kenyan shilling weakened against the dollar on Monday due to dollar demand from oil and merchandise importers. At the close of trade, the local unit was quoted at 101.95/15, as compared to the previous day's close of 101.75/95.

Kenya's parliament will block an attempt to repeal a cap on commercial lending rates, the lawmaker who sponsored the law imposing the cap said on Monday. Introduced in September 2016, the cap limits lending rates to 4.00% points above the central bank rate, now 9.00%. In his budget speech to parliament last week, Finance Minister Henry Rotich proposed repealing the cap. He said it was keeping banks from lending to customers they considered too risky.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.50	105.50	99.50	104.50
GBP/KES	123.83	131.83	124.33	131.33
EUR/KES	111.11	118.11	111.61	117.61
AED/KES	26.27	29.27	26.27	29.27

Money Market Rates	Current	Previous	Change
Interbank Rate	3.053%	2.746%	0.307
91-Day T-bill	6.895%	6.915%	-0.020
182-Day T-Bill	7.723%	7.606%	0.117
364-Day T-Bill	9.263%	9.299%	-0.036
Inflation	5.490%	6.580%	-1.090
CBR RATE	9.00%	9.00%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The Fed which is facing fresh demands by U.S. President Donald Trump to cut interest rates, begins a two-day meeting later Tuesday. The central bank is expected to leave borrowing costs unchanged this time but possibly lay the groundwork for a rate cut later this year. On the Sino-U.S. trade, earlier reports had suggested that Trump and his Chinese counter Xi Jinping could meet at the upcoming G-20 meeting to discuss trade-related issues, but China so far has not confirmed Xi would be present at the meeting.

Meanwhile, the GBP/USD pair trades near 1.2530 before flashing the fresh five-month low ahead of the second round of voting for the Tory leadership and Carney's speech. Doubts over who will replace the present PM Theresa May and renewed pessimism surrounding the UK economy, due to likely hard Brexit, initially weakened the Cable. The downturn was recently carried forward after the British Finance Minister Philip Hammond conveyed his disagreement with the PM May's spending plans by showing readiness to resign.

The euro is trading at \$1.1230, ahead of the European Central Bank (ECB) President Mario Draghi's speech in Sintra, Portugal and key German data releases.

Elsewhere, the Japanese Yen is currently trading at 108.34. Markets ignored Kuroda's dovish comments, despite Kuroda taking note of the heightened uncertainty in the global economy.

Oil prices fell on Tuesday to \$60.89 in Asia as OPEC and its allies struggled to set a date for a meeting to discuss output policy. It was previously expected the meeting would be held in late June.

### 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	1.1195	1.1300
GBP/USD	1.2490	1.2600
USD/AED	3.6675	3.6775
USD/JPY	107.90	109.40

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