



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH JULY 2019

DOMESTIC NEWS

The Kenyan shilling weakened against the U.S. dollar on Thursday due to demand from corporates amid foreign currency inflows from investors buying local government securities. By close of trade, the local currency stood at 103.05/103.25, as compared to Wednesday's close of 102.95/15.

We expect the local unit to remain under pressure in the coming week due to increased dollar demand from the energy sector. However, we expect the local currency to receive support from the Central bank through open market operations.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.60	106.60	100.60	105.60
GBP/KES	125.25	133.30	125.75	132.80
EUR/KES	112.60	119.60	113.10	119.10
AED/KES	26.57	29.57	26.57	29.57

Money Market Rates	Current	Previous	Change
Interbank Rate	1.998%	2.070%	-0.072
91-Day T-bill	6.498%	6.600%	-0.102
182-Day T-Bill	7.358%	7.469%	-0.141
364-Day T-Bill	8.785%	8.646%	0.139
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 relatively stable after New York Fed President John Williams said on Thursday that policymakers could not wait for economic disaster to hit before adding stimulus, in a speech read as a strong argument in favor of quick monetary action. The comments by Williams made it a virtual certainty the Fed would cut interest rates by 25 basis points at its July 30-31 policy meeting and fueled expectations of an even deeper 50 basis point reduction. Over the week, the dollar climbed a modest 1%, as riskier assets were partly capped by U.S. President Donald Trump's reiteration of his threat to impose further duties on Chinese imports.

The GBP/USD pair recovery is struggling to oversee declining odds for a no-deal Brexit, which in turn flashes 1.2545 ahead of the London open on Friday. However, news that the UK's Members of the Parliaments (MPs) passed an amendment to make it harder for the incoming PM to suspend the Parliament before Brexit reduced the odds of a no-deal departure.

The euro was 0.1% lower at \$1.1267 owing to the probability that Fed would reduce interest rates by a half percentage point at its July 30-31 policy meeting.

The yen recovered from monthly lows as it takes the bids to 107.55 during early Friday, due to increasing odds for trade developments between the US and China.

Elsewhere, global oil prices jumped to \$63.16 on Friday in Asia after the U.S. reportedly shot down an Iranian drone in the Strait of Hormuz in what Trump described as "defensive action", but Iran said it had no information about losing a drone.

Indicative Profit Rates on Deposits

	Amounts > 10 Million	
	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

	Value /USD	
	Bid	Offer
EUR/USD	1.1195	1.1280
GBP/USD	1.2400	1.2550
USD/AED	3.6675	3.6775
USD/JPY	107.10	108.40

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