



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH JUNE 2019

DOMESTIC NEWS

Easing dollar demand from oil and merchandise importers saw the Kenyan shilling hold relatively stable against the U.S. dollar on Tuesday amid healthy inflows from remittances and horticulture exports. By close of trade, the local currency stood at 101.95/102.15, same as Monday's close.

We expect the shilling to remain relatively stable against the greenback and trade in the 101.50/102.50 range in the short term as importer dollar demand is met by healthy inflows from remittances and foreign investor inflows. We also expect the local unit to receive support from the country's high levels of forex reserves, currently at USD 10.1 billion equivalent to 6.4 months of import cover, in case of high volatility.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.55	105.55	99.55	104.55
GBP/KES	124.20	132.20	124.70	131.70
EUR/KES	110.70	117.70	111.20	117.20
AED/KES	26.30	29.30	26.30	29.30

Money Market Rates	Current	Previous	Change
Interbank Rate	3.0229%	3.0539%	-0.031
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 U.S. dollar held near a two-week high early on Wednesday ahead of the Fed's closely-watched policy decision later in the day, supported by a surprisingly dovish European Central Bank (ECB) and bearish eurozone economic data. The Fed is widely expected to stand pat on monetary policy this time but open the door for an interest rate cut at the next meeting in July.

Meanwhile, China and the U.S. are rekindling trade talks ahead of a meeting next week between Presidents Donald Trump and Xi Jinping, cheering financial markets on hopes that an escalating trade war between the two countries would abate.

The euro erased earlier gains and fell across the board to settle at \$1.1190 on Tuesday after ECB chief Mario Draghi said the ECB could still cut rates, adjust its guidance, offer mitigating measures to counter the unwanted side effects of negative rates, and also had "considerable headroom" for more asset purchases.

The GBP/USD pair barely budged from near five-month lows of \$1.2555 after arch-Brexiteer Boris Johnson was confirmed as the frontrunner to become Britain's next prime minister on Tuesday. The British currency had dropped to its weakest since January against the euro and dollar earlier in the session, as investors worry that Johnson could put Britain on a path towards a disruptive no-deal Brexit.

Elsewhere, global oil prices extended gains on Wednesday after rising in the previous session on rekindled hopes for a U.S.-China trade deal and on the potential for conflict between the U.S. and Iran in the Middle East after tanker attacks there last week. Brent crude futures were up 3 cents at \$62.15 a barrel. They rose 2% on Tuesday.

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	1.1140	1.1240
GBP/USD	1.2505	1.2605
USD/AED	3.6675	3.6785
USD/JPY	107.85	108.85

For more details, contact our Treasury staff- Peter, Michael and Loryne on Tel +254 20 5131311, DL +254 20 513 1351/52/55, Cell +254 709913351/52/55. 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.