



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 01ST JULY 2019

DOMESTIC NEWS

The Kenyan shilling remained under pressure against the greenback on Friday as end month dollar demand from the energy and manufacturing sector outmatched dollar inflows from remittances and foreign investors amid excess liquidity in the local money market. By close of business, the local currency was a tad lower at 102.30/50 compared to Thursday's close of 102.20/40. We expect the local unit, which has weakened by 0.5% on a year-to-date (YTD) basis, to remain relatively stable against the greenback in coming days as end month importer demand subsides.

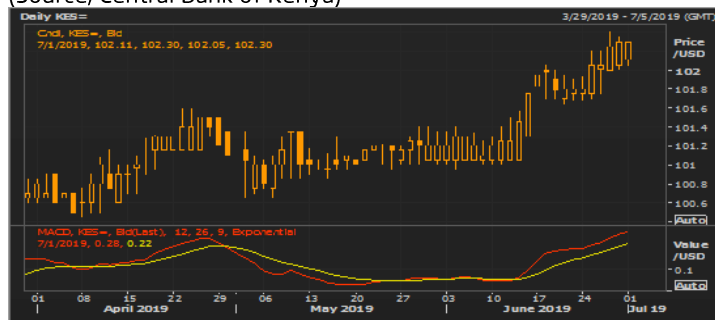
Meanwhile, Kenya's year-on-year inflation rose slightly to 5.70% in June from 5.49% in May mainly due to a rise in the transport index. On a month-on-month basis, inflation declined mainly due to a decline in the food and non-alcoholic beverage index owing to favorable weather conditions that led to increased food production and subsequently reduced food prices for various commodities.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.90	105.90	99.90	104.90
GBP/KES	126.00	134.00	126.50	133.50
EUR/KES	112.60	119.60	113.10	119.10
AED/KES	26.40	29.40	26.40	29.40

Money Market Rates	Current	Previous	Change
Interbank Rate	2.266%	2.266%	0.000
91-Day T-bill	6.738%	6.814%	-0.076
182-Day T-Bill	7.487%	7.578%	-0.091
364-Day T-Bill	8.759%	9.050%	-0.291
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 dipped marginally on Friday after U.S. economic data confirmed the likelihood of a July interest rate cut. The core U.S. personal consumption expenditure price index rose 0.2% in May, as expected, reinforcing investor expectations that the Fed will cut rates by 25 basis points to 2.25% in July.

Meanwhile, the U.S. and China agreed on Saturday to restart trade talks after President Donald Trump offered concessions including no new tariffs and an easing of restrictions on tech company Huawei as China agreed to make unspecified new purchases of U.S. farm products and return to the negotiating table.

The GBP/USD pair recovered on Friday from the five-month lows it reached earlier in the week, although worries about a no-deal Brexit capped the currency's gains. The British currency was up 0.4% to close at \$1.2710, before giving up most the gains on Monday to settle at \$1.2680.

The euro was on track for its biggest monthly gain in 17 months on the back of broad-based dollar weakness but retraced most of the gains in early trade on Monday to settle at \$1.1325.

The yen is trading at 108.30 in early Monday trade as the greenback mounted a recovery from a five-month low of 106.77 reached on Tuesday last week.

Elsewhere, global oil prices rose more than \$1 a barrel on Monday after Saudi Arabia, Russia and Iraq backed an extension of supply cuts for another six to nine months ahead of an OPEC meeting in Vienna. Brent crude futures touched an intraday high of \$66.45 a barrel and were last at \$66.35 a barrel.

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

	Value /USD	
	Bid	Offer
EUR/USD	1.1275	1.1375
GBP/USD	1.2630	1.2730
USD/AED	3.6675	3.6775
USD/JPY	107.80	108.80

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