



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST AUGUST 2019

DOMESTIC NEWS

The Kenya shilling stood tall against the dollar in Tuesday's trading session that was characterized by ample dollar supply. Corporates and retail consumers sidled into the local FX market to have a nip at the buck at enticing levels. There was very little opposition from the demand counter allowing the local unit to earn itself a podium finish. By close of trade, the local currency stood at 102.90/10, as compared to Monday's close of 103.15/35.

In today's session, it remains keen as to whether the home unit will hold on to its recently acquired gains as market pundits look out for headlines that will change the shillings' near-term trading direction with a bias towards a stronger shilling. On the flip side, since we are moving towards the end month, the domestic unit's new trading levels are likely to manifest. In other news, the Central Bank of Kenya stayed out of the repo market citing a square market.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.45	106.45	100.45	105.45
GBP/KES	121.15	129.15	121.65	128.65
EUR/KES	110.70	117.70	111.20	117.20
AED/KES	26.53	29.53	26.53	29.53

Money Market Rates	Current	Previous	Change
Interbank Rate	3.166%	3.304%	-0.138
91-Day T-bill	6.449%	6.547%	-0.098
182-Day T-Bill	7.154%	7.254%	-0.100
364-Day T-Bill	9.152%	9.038%	0.114
Inflation	6.270%	5.700%	0.570
CBR RATE	9.00%	9.00%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The dollar was on the defensive on Tuesday, elbowed off a three-week peak by a reversal in U.S. yields as they headed south again ahead of a meeting of central bankers, at which the Federal Reserve is expected to give clues on further rate cuts. Central bankers will gather at Jackson Hole, Wyoming, on Friday with markets focused on a scheduled speech by Fed Chair Jerome Powell. His comments will take center stage especially after last week's inversion of the U.S. yield curve -widely regarded as a recession signal-boosted expectations for the Fed to lower interest rates at its September policy meeting. In the meantime, President Donald Trump showed no signs of backing down in his scuffle with China, declaring on Tuesday a confrontation was necessary even if it caused short-term harm to the U.S. economy.

The GBP/USD pair was up to 1.2138. Sterling remained volatile as the tussle between the European Union and the U.K. over the Irish backstop in the Brexit deal. The pound jumped against the dollar when German Chancellor Angela Merkel said the EU will think about practical solutions regarding the backstop, but the enthusiasm was short-lived, and sterling retreated.

The euro rose to 1.1089 recovering from earlier lows after Italy's Prime Minister Giuseppe Conte said he is resigning ahead of no-confidence vote, putting the future of the Italian government in jeopardy.

The Japanese Yen pair snapped a three-day winning streak at 106.40 as the US treasury yields and the US stocks declined.

Elsewhere, global gained on Wednesday to \$60.31, after the American Petroleum Institute (API) reported that U.S. crude inventories fell for the first time in three weeks. The API often serves as an early indication of weekly petroleum levels.

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	1.1005	1.1150
GBP/USD	1.2100	1.2210
USD/AED	3.6675	3.6775
USD/JPY	105.80	106.90

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