



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

## TREASURY MARKET UPDATE 22<sup>ND</sup> AUGUST 2019

### DOMESTIC NEWS

The home unit closed Wednesday's session stronger after salvaging some units from the dollar. A drove of foreign currency sellers swung into action and hauled the USDKES pair lower. The sweep over the US dollar was exacerbated by the absence of the usual purchases by major corporates in the market. Dollar demand in the last hour of trading did little to reverse the shilling's advance. By close of trade, the local currency stood at 102.80/00, as compared to Tuesday's close of 102.90/10.

In today's session, we expect the home unit to remain buoyed as competing players take center stage in the local currency market. That said, its fortunes may be fleeting as buyers of foreign currency may come to fore and nip the greenback at these lucrative levels. In the meantime, the Central Bank of Kenya stayed out of the repo market.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.45	106.45	100.45	105.45
GBP/KES	120.70	128.70	121.25	128.25
EUR/KES	110.55	117.55	111.10	117.10
AED/KES	26.53	29.53	26.53	29.53

Money Market Rates	Current	Previous	Change
Interbank Rate	3.317%	3.166%	0.151
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 relatively stable on Wednesday as traders wait for the release of the Federal Reserve meeting minutes from July. The notes, will give insight into whether the central bank will continue to ease its monetary policy after cutting rates by 25 basis points in July. The Fed is under pressure from both investors and U.S. President Donald Trump to keep cutting rates. Earlier this week Trump said the central bank should cut rates by as much as 100 basis points, while on Wednesday he claimed the Fed was the only downside to the state of the economy. "The only problem we have is Jay Powell and the Fed," Trump said. "Big U.S. growth if he does the right thing: BIG CUT, but don't count on him!" ahead of a hotly-anticipated appearance by Chairman Jerome Powell at the Fed's Economic Symposium in Jackson Hole, Wyoming on Friday.

The GBP/USD pair took rounds to \$1.2134. The UK Prime Minister Boris Johnson somehow got the positive news from Germany as Chancellor Angela Merkel showed readiness to renegotiate Irish backstop if Britain comes up with a sound alternative within 30 days. As a result, investors await details of the UK PM Johnson and French President Emmanuel Macron meet.

The euro struggled to make headway against a resilient dollar on Wednesday and was stuck near \$1.11, with forex markets mostly calm ahead of a crucial meeting of central bankers later this week.

The Japanese Yen has been cruising to the upside since mid-month lows and is currently at 106.40. Focus is now on the Fed speech due tomorrow.

Elsewhere, global oil prices slipped to \$60.26 per barrel on Thursday even after the Energy Information Administration reported larger-than-expected crude drawdown. Concerns over a slowing oil-demand growth were also cited as headwinds.

### 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	1.1000	1.1120
GBP/USD	1.2100	1.2210
USD/AED	3.6675	3.6775
USD/JPY	106.05	107.00

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