



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 24TH JULY 2019

DOMESTIC NEWS

The Kenyan shilling was the under-achiever in Tuesday's trading against the U.S dollar, as dollar demand from corporates and interbank players hampered the local unit's quest for dominance. By close of trade, the local currency stood at 103.70/103.90, as compared to Monday's close of 103.50/70.

Expectation in the coming few days is that the domestic unit will continue trading with a defensive tone, barring any intervention or change in fundamentals, as it has gained an upbeat momentum above the 103.00 level. Meanwhile, the monetary authority mopped up KES 5.00 Billion in excess liquidity at a weighted average rate of 5.358%. Markets will be eyeing the MPC meeting on Wednesday, 24th July 2019.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.25	107.25	101.25	106.25
GBP/KES	125.00	133.00	125.50	132.50
EUR/KES	112.10	119.10	112.60	118.60
AED/KES	26.75	29.75	26.75	29.75

Money Market Rates	Current	Previous	Change
Interbank Rate	2.305%	2.089%	0.216
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 U.S. dollar surged on Tuesday after U.S. President Donald Trump and Congress struck a deal to raise the debt ceiling, easing fears of the government defaulting. The bipartisan deal, pending approval by both chambers of Congress, would pave the way for more government spending through at least to 2021 and avoid the threat of a government shutdown in that timeframe. Analysts reckon increased U.S. borrowing would tighten the supply of money in the country's banking system and in turn support the dollar. In the meantime, U.S. Trade Representative Robert Lighthizer and senior U.S. officials will travel to Shanghai on Monday for face-to-face trade meetings with Chinese officials.

The GBP/USD pair declined to 1.2431, as Boris Johnson, known for his hardline stance on Brexit, was named Prime Minister and leader of the Conservative Party. Johnson reiterated in a speech to party members his goal of leaving the EU by October 31, uniting a split party on Brexit, and leading the Tories in winning the next general election.

The euro slid 0.17% to 1.1140, amid growing expectations that European Central Bank President Mario Draghi will signal a rate cut in September at a policy meeting later this week on Thursday to combat risk from global trade tensions.

The yen scaled overnight to 108.10, supported by a rise in U.S. Treasury yields as investor risk aversion waned following some progress in U.S.-China trade negotiations.

Elsewhere, global oil prices rose on Wednesday to \$64.07, extending gains after an industry group reported a much bigger than expected drop in U.S. inventories, while the U.S. Navy said it may have downed a second Iranian drone last week. U.S. crude stocks fell more than expected in the week to July 19.

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	1.1100	1.1210
GBP/USD	1.2390	1.2520
USD/AED	3.6675	3.6775
USD/JPY	107.10	108.50

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.