

## TREASURY MARKET UPDATE 24TH MAY 2019

## **DOMESTIC NEWS**

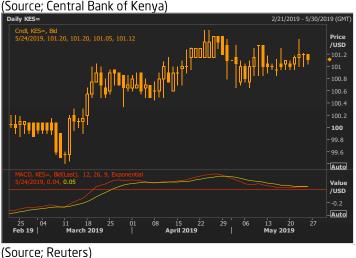
Increased importer demand from oil importers coupled with reduced agricultural dollar inflows paired pressure on the local currency in active trading yesterday. At the close of trade, the local unit was quoted at 101.20/40, compared to the previous close of 101.15/35.

The local currency is likely to trade with a bearish tone today if end of month dollar buying from importers picks up and trade in the 100.95- 101.60 levels. Elsewhere, overnight interbank rates were relatively stable as liquidity conditions somewhat improved. The CBK has stayed out of the Repo market from Friday last week.

## **Indicative Forex rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.80	104.80	98.80	103.80
GBP/KES	124.25	132.25	124.75	131.75
EUR/KES	109.76	116.76	110.26	116.26
AED/KES	26.08	29.08	26.08	29.08

Money Market Rates	Current	Previous	Change
Interbank Rate	5.490%	5.358%	0.132
91-Day T-bill	7.085%	7.196%	-0.111
182-Day T-Bill	7.738%	7.897%	-0.159
364-Day T-Bill	9.312%	9.316%	-0.004
Inflation	6.58%	4.35%	2.230
CBR RATE	9.00%	9.00%	0.000



## **INTERNATIONAL NEWS**

The U.S. dollar was on track on Friday to post a small weekly loss after coming off two-year highs on lower U.S. yields as investors feared the Sino-U.S. trade dispute will hurt the U.S. economy more than previously thought. Another factor keeping the greenback down was rising expectations the Federal Reserve will cut U.S. interest rates later this year to boost the world's biggest economy.

Meanwhile, the GBP/USD pair was little changed at 1.2658. The pair was volatile this week amid reports that U.K. Prime Minister Theresa May might soon resign as her party has made it clear they do not agree with her Brexit plan. The pound began to slide on Wednesday after Andrea Leadsom, the lawmaker tasked with organizing the government's business in the House of Commons, resigned and said she no longer believed the government's approach.

The euro opened at 1.1180, it looks set to put on a good show on the last trading day of the week, having charted a bullish engulfing candle on Thursday despite weaker-than-expected German and Eurozone data releases.

Elsewhere, the Japanese Yen pulled back to 109.55 during early Friday, the pair's weakness can't be ignored. The Japanese Prime Minister Shinzo Abe, spoke about the proposed October sales tax hike and global growth worries.

Oil prices rebounded on Friday after settling down almost 6% the previous session to \$68.56 amid another surprisingly strong increase in U.S. stockpiles last week. Oil prices settled down more than 5% on Thursday. It was their steepest drops since the start of the year.

Indicative Profit Rates on Deposits						
Amounts > 10 l	Million	Amounts >100,000				
K	ES	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	1.1120	1.1240				
GBP/USD	1.2630	1.2805				
USD/AED	3.6675	3.6775				
USD/JPY	109.10	110.60				

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