



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

## TREASURY MARKET UPDATE 25<sup>TH</sup> JULY 2019

### DOMESTIC NEWS

The recent weakening narrative of the local unit went a notch higher yesterday, as demand and supply forces contested for dominance. Foreign currency inflows witnessed from investors buying local government securities attempted to save the domestic unit from losses but to no avail as the shilling tested the 104.00 level. By close of trade, the local currency stood at 103.95/104.15, as compared to Tuesday's close of 103.70/90.

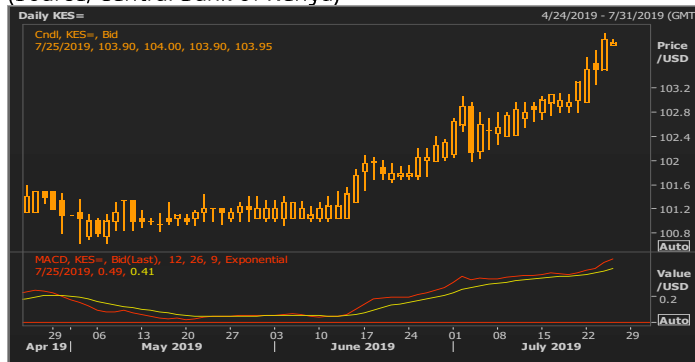
Meanwhile, Kenya's central bank held its benchmark lending rate at 9.00% on Wednesday, with the monetary policy committee saying inflation expectations were within the target range and the economy was operating close to its potential. It is the sixth time in a row the bank has held the rate. "However, there is need to be vigilant on the possible effects of the recent increases in fuel prices, the ongoing demonetization, and the increased uncertainties in the external environment," the bank said in a statement.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.50	107.50	101.50	106.50
GBP/KES	125.70	133.70	125.25	132.25
EUR/KES	112.30	119.30	112.80	118.80
AED/KES	26.80	29.80	26.80	29.80

Money Market Rates	Current	Previous	Change
Interbank Rate	2.661%	2.305%	0.356
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 dollar found support after U.S. Treasury Secretary Steven Mnuchin said he would not advocate for a weaker currency. Mnuchin told CNBC in an interview the United States benefits from the greenback's standing as the world's reserve currency. It had fallen during intraday trading but was underpinned by a White House statement that top U.S. negotiators will meet their Chinese counterparts in Shanghai starting July 30. In the meantime, U.S. markets keep expecting the Federal Reserve to announce 50 basis points cut during next week's meeting.

The GBP/USD pair gained momentum to 1.2470. Boris Johnson took office as Britain's new prime minister on Wednesday, as he overhauled the British Cabinet. Johnson, known for his hardline stance on Brexit, said he will push to implement his key policy aim of getting Britain out of the European Union by Oct. 31, even though that leaves little or no time for a new transitional deal to be hammered out.

The euro recovered from an earlier low of 1.1131, fueled slightly by a weaker greenback, but remained near two-month lows on expectations that the European Central Bank could pave the way for more monetary easing in September at its meeting on Thursday.

The yen pair slipped 0.1% to 108.08, as Japan's PM Abe said that North Korea's launch poses no threat to Japanese security. The latest North Korean missile launch headlines are likely to keep the investors on the edge.

Elsewhere, global oil prices rose to \$63.31, on Thursday in Asia on weekly U.S. crude stockpile draw that came in almost three times the level previously expected. The overall sentiment in the oil market has darkened due to slowing global economic growth.

### 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	1.1205
GBP/USD	1.2400	1.2530
USD/AED	3.6675	3.6775
USD/JPY	107.50	108.40

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.