

## TREASURY MARKET UPDATE 26TH AUGUST 2019

## **DOMESTIC NEWS**

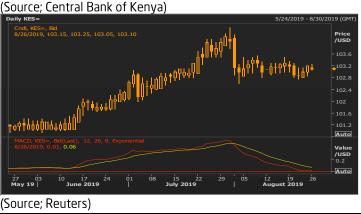
The Kenyan shilling edged down against the greenback in Friday's eventful trading that saw both demand and supply counters record an upsurge in activity. The domestic unit started the day with increased foreign currency inflows trickling in from various sectors of the economy, however the mood turned sour for the home unit as it was weighed down by amplified importer dollar demand leaving the local unit licking its wounds by the closing bell. By close of trade, the local currency stood at 103.10/30, as compared to Thursday's close of 103.00/20.

In the new week, we see the USD/KES pair cycling within the now familiar track as opposing counters continue to manifest prowess in deciding the trading levels while market players watch out for fresh factors likely to sway the market in favour of either currency. In the meantime, the monetary authority mopped up KES 15B in excess liquidity at a weighted average rate of 8.319% in the 7-day repo.

## **Indicative Forex rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.70	106.70	100.70	105.70
GBP/KES	122.55	130.55	123.05	130.05
EUR/KES	111.45	118.45	111.95	117.95
AED/KES	26.60	29.60	26.60	29.60

Money Market Rates	Current	Previous	Change
Interbank Rate	3.674%	3.489%	0.185
91-Day T-bill	6.398%	6.355%	0.043
182-Day T-Bill	7.020%	7.052%	-0.032
364-Day T-Bill	9.248%	9.195%	0.053
Inflation	6.270%	5.700%	0.570
CBR RATE	9.00%	9.00%	0.000



## INTERNATIONAL NEWS

The U.S. dollar was relatively stable on Friday after Federal Reserve Chairman Jerome Powell said the central bank would keep an eye on the economy and act as needed, but failed to give any new guidance on interest rates. "We will act as appropriate to sustain the expansion," Powell said. The economy is in a "favorable place" he said, but the trade war puts it in a "complex, turbulent" situation. Powell seemed to push back against pressure to cut rates aggressively. U.S. President Donald Trump has called for a full percentage point cut and markets expect the central bank to keep easing its monetary policy. In other news, over the weekend, the United States added tariffs on some \$550 billion of Chinese goods, hours after China unveiled retaliatory tariffs on \$75 billion worth of U.S. goods.

The GBP/USD pair took rounds to \$1.2272. The UK Prime Minister Boris Johnson is actively seeking advice to prorogue the Parliament, which stands ready to vote on the no-confidence vote and also avoid a no-deal Brexit in September. Additionally, Boris Johnson is clearly refraining from paying £39 billion divorce payment to the EU in the case of a no-deal Brexit.

The euro jumped to 1.1150 on the back of a new escalation in the trade war between the US and China. Moreover, economic data from the Eurozone is expected today and will be closely watched amid fears that the bloc's largest economy is entering a recession.

The Japanese Yen slumped to 105.45. Anti-government demonstrations in the city escalated over the weekend affecting the key pillars of the economy.

Elsewhere, global Oil prices fell on Monday to \$58.71, pushing U.S. crude to its lowest in more than two weeks, as an intensifying U.S.-China trade war knocked confidence in the global economy.

Indicative Profit Rates on Deposits					
Amounts > 10 N	1illion	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	1.1170			
GBP/USD	1.2200	1.2290			
USD/AED	3.6675	3.6775			
USD/JPY	106.00	106.90			

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