



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

## TREASURY MARKET UPDATE 26<sup>TH</sup> JULY 2019

### DOMESTIC NEWS

The local unit held steady in early morning trading as activity on both demand and supply counters remained well matched. However, this changed later in the day as the shilling made a comeback gaining triumph over its American counterpart. By close of trade, the local currency stood at 103.70/90, as compared to Wednesday's close of 103.95/104.15.

Anticipation is that the home unit will weaken against the U.S. dollar in the coming week due to end-month dollar demand from manufacturers and importers amid excess liquidity in the local money market.

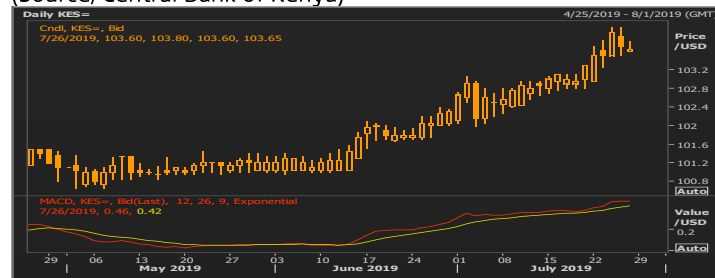
Meanwhile, Kenya's economic growth is predicted to hit 6% in 2019, helped by a stronger-than-expected performance in the agriculture sector, the central bank governor said on Thursday. East Africa's biggest economy grew by 5.6% in the first quarter, slowing from 6.5% in the same period a year earlier. In addition, the governor said that the Kenya's central bank does not have a target rate for the shilling, after a fall in the currency's value.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.25	107.25	101.25	106.25
GBP/KES	125.10	133.10	125.60	132.60
EUR/KES	112.20	119.30	112.70	118.80
AED/KES	26.75	29.75	26.75	29.75

Money Market Rates	Current	Previous	Change
Interbank Rate	2.606%	2.661%	0.055
91-Day T-bill	6.592%	6.498%	0.094
182-Day T-Bill	7.365%	7.358%	0.004
364-Day T-Bill	8.988%	8.785%	0.203
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 gained momentum as investors paired expectations for aggressive Federal Reserve interest rate cuts ahead of key U.S. economic data. The Fed is widely expected to lower its target range of 2.25%-2.50% by 25 basis points at a meeting ending July 31, but expectations for a larger 50-basis point have waned due to positive economic data. Data due later Friday is expected to show U.S. economic growth slowed to 1.8% in the second quarter from 3.1% in the previous quarter, but investors will focus on consumer spending to gauge the underlying strength of the economy. On the Sino-U.S. trade front, officials from both sides are set to resume in-person trade talks as soon as next week.

The GBP/USD changed hands at \$1.2455. Sterling stabilized since Boris Johnson became Britain's new prime minister, but there is still uncertainty about Britain's negotiations to leave the European Union. Moreover, the latest reports are citing that Johnson is in favor of no Irish back-stop, also continue to keep the bearish pressure intact around the pound, as it lifts the prospect of a no-deal Brexit.

The euro remained relatively stable at 1.1150 as ECB inspired volatility softened. The ECB kept rates unchanged on Thursday, disappointing some market participants who had bet on a possible easing. Draghi indicated the bank was prepared to cut rates in September and consider other options for easing. However, he also said the risk of a recession in the region was low.

The yen shot up from 108.04 to 108.75 as market focus shifts to Bank of Japan meetings next week on 30<sup>th</sup> July.

Elsewhere, global oil prices rose to \$63.45 on Friday due to a fall in U.S. crude stockpiles. Data from a day earlier showed a drop in U.S. stockpiles for the sixth-consecutive week.

### 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	1.1200
GBP/USD	1.2395	1.2510
USD/AED	3.6675	3.6775
USD/JPY	107.90	108.60

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.