



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

## TREASURY MARKET UPDATE 27<sup>TH</sup> AUGUST 2019

### DOMESTIC NEWS

The shilling succumbed to dollar strength on the first trading day of the week, in what was a one-way kind of move for the local currency, on account of burgeoning dollar appetite particularly from the oil and energy sector who filled the market to pick up the dollar coupled with weak sentiments amidst a shortage of FX inflows. By close of trade, the local currency stood at 103.20/40, as compared to Friday's close of 103.10/30.

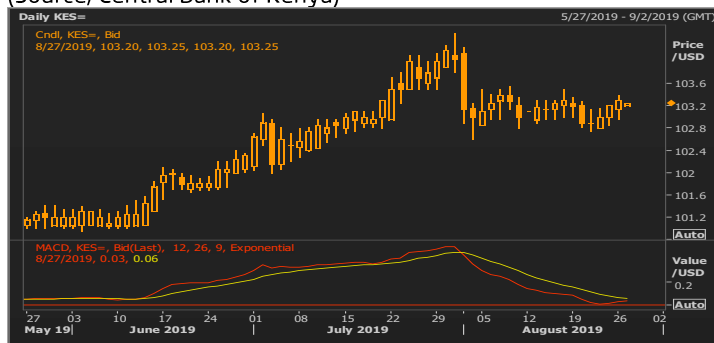
Looking ahead, further depreciation of the home unit is still on the cards in the short run, although the downside may be capped somewhat as demand and supply potencies continue to scuffle. Market players will be keen to see whether the home unit will stage a rebound or settle at these new levels. That said, the domestic unit currency direction remains flow driven. In the meantime, the monetary authority mopped up KES 35B in excess liquidity at a weighted average rate of 8.514% in the 7-day repo and 8.921% in the 14-day repo.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.90	106.90	100.90	105.90
GBP/KES	122.30	130.30	122.80	129.80
EUR/KES	111.25	118.25	111.75	117.75
AED/KES	26.65	29.65	26.65	29.65

Money Market Rates	Current	Previous	Change
Interbank Rate	4.228%	3.674%	0.654
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

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar was broadly higher on Monday, as optimism over the U.S.-China trade conflicts supported risk sentiment, despite further signs of a slowdown in the U.S. manufacturing sector. Speaking at the G7 summit in Biarritz, France, on Monday, U.S. President Donald Trump said that he had received two phone calls from Chinese officials over the weekend urging new talks, which he interpreted as a signal that China was willing to make concessions in the ongoing trade dispute. The Chinese Foreign Ministry said it was not aware of any phone calls between the two nations, but Vice Premier Liu He said he wanted to solve their trade differences as calmly as possible. Trump caused some confusion by indicating he may have had second thoughts on the tariffs, but the White House later clarified that the president's only regret was not increasing tariffs more than he had already.

The GBP/USD pair declines to \$1.2210. Political headlines from the UK keep exerting downside pressure on the pair. Among them, the EU-UK tussle over the £39 billion divorce payment, opposition Labour party's preparations for a no-confidence vote and the Chief Brexit adviser visit, on Wednesday, are in the spotlight.

The euro remains on the defensive, as the pair fell to 1.1100 on Monday. The common currency, may come under pressure, if the German GDP due today prints below estimates, strengthening the case for aggressive easing by the European Central Bank.

The Japanese yen rose to 105.60 on Tuesday as some investors tempered their optimism about the chances for a quick resolution to the U.S.-China trade war.

Elsewhere, global oil prices gained to \$54.01 on Tuesday despite conflicting signs on the Sino-U.S. trade war. U.S. President Donald Trump said he thinks China wants to make a deal "very badly".

#### 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	1.1050	1.1150
GBP/USD	1.2185	1.2260
USD/AED	3.6675	3.6775
USD/JPY	105.30	106.80

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