

## TREASURY MARKET UPDATE 27TH MAY 2019

## **DOMESTIC NEWS**

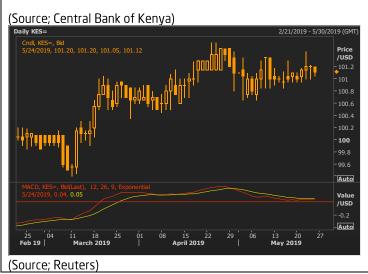
Inflows from offshore investors buying government debt supported end-month dollar demand from oil importers which had paired pressure on the local currency in active trading. At the close of trade, the local unit was quoted at 101.15/35, compared to the previous close of 101.20/40.

The local currency is likely to trade with today in the 100.95-101.60 levels. Elsewhere, the Central Bank of Kenya was in the seven-day reverse repo last week on Friday for KES 7.00 billion as liquidity was skewed in the market.

## **Indicative Forex rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.75	104.75	98.75	103.75
GBP/KES	125.00	133.00	125.50	132.50
EUR/KES	110.01	117.01	110.51	116.51
AED/KES	26.07	29.07	26.07	29.07

Money Market Rates	Current	Previous	Change
Interbank Rate	5.366%	5.373%	-0.007
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. has put the Chinese telecom equipment giant Huawei Technologies Co Ltd to a blacklist, effectively banning the company to do business with U.S. firms. In response, China has stepped up support for cash-strapped manufacturing firms by pledging billions of dollars in additional tax cuts and infrastructure spending, while its central bank has also announced a cut in three phases in the reserve requirement ratio for regional banks to reduce small companies' financing costs.

Meanwhile, the GBP/USD pair rose 0.2% to 1.2737. The pair was moved by news on Friday that U.K. Prime Minister Thersea May announced her resignation effective June 7. Chances of a "no deal" Brexit scenario has increased as four of eight leadership hopefuls said the U.K. must leave the EU on Oct. 31 even if this means a no-deal Brexit.

The euro is trading at 1.1214 at press time - the highest level since May 16 - despite the Eurosceptic parties gaining ground in the European Union (EU) elections, which concluded on Sunday.

Elsewhere, the Japanese Yen pair gained 0.2% to 109.44 after U.S. President Donald Trump said the U.S. is making "great progress" in trade negotiations with Japan. A trade deal will not happen before the country's elections in July.

Oil prices were under pressure on Monday at \$68.73 per barrel following their biggest drops this year the week before, as concerns over the Sino-U.S. trade war could trigger a broad economic slowdown dragged, although OPEC's supply cuts provided some support.

Indicative Profit Rates on Deposits						
Amounts > 10 I	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	1.1150	1.1290				
GBP/USD	1.2650	1.2860				
USD/AED	3.6675	3.6775				
USD/JPY	109.10	110.50				

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.