



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH AUGUST 2019

DOMESTIC NEWS

Odds were against the shilling on Tuesday, strapped down by resurgent dollar appetite. End month foreign currency demand from the oil and manufacturing sectors continued to spin the USD/KES pair in favor of the greenback, overwhelming erratic foreign currency inflows to leave the home unit weaker at the closing bell. By close of trade, the local currency stood at 103.35/55, as compared to Monday's close of 103.20/40.

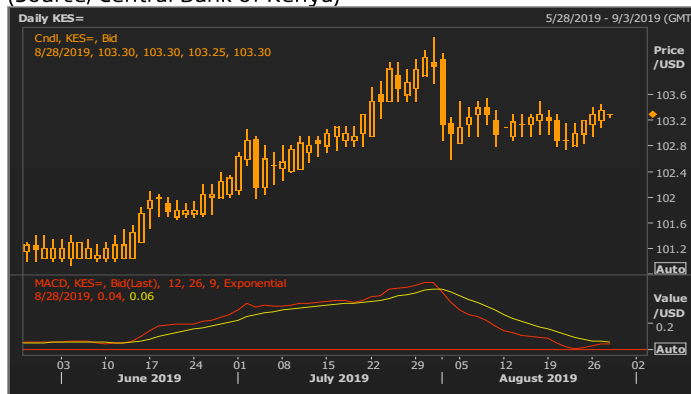
The current trading range is likely to continue holding in today's session as market players look to fresh factors to drive activity. That said, the recent sharp decline in the local unit may leave some room for a rebound, should dollar propensity abate, if the dollar demand experienced yesterday lacks follow through. In the meantime, the monetary authority mopped up KES 5B in excess liquidity at a weighted average rate of 8.439% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.95	106.95	100.95	105.95
GBP/KES	123.00	130.00	123.55	130.55
EUR/KES	111.20	118.20	111.70	117.70
AED/KES	26.66	29.66	26.66	29.66

Money Market Rates	Current	Previous	Change
Interbank Rate	4.413%	4.228%	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

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar was slightly lower on Tuesday. Signals from both sides were mixed, as U.S. President Donald Trump claimed that China had called to ask to restart negotiations. Beijing has failed to confirm the calls, casting doubt on Trump's assertion. Still, both countries seem willing to think about resolving their differences. Tensions escalated on Friday after both the U.S. and China announced new tariff measures and Trump appeared to threaten to use emergency powers to force U.S. companies to stop making goods in China. In other news, US President Trump and the Federal Reserve are engaged in a political feud over the Fed's monetary policy. Trump has said that the Fed has been calling it wrong for too long.

The GBP/USD pair fell to \$1.2272. Investors reassessed whether British Prime Minister Boris Johnson had made any progress in convincing the European Union to renegotiate the Brexit agreement. Meanwhile, Britain's opposition Labour Party leader Jeremy Corbyn said he would do everything necessary to prevent Britain leaving the European Union without a divorce deal. Markets will be today watching the Brussels visit by the Chief Brexit Adviser.

The euro was flat at \$1.1091, after inching down on Tuesday when it had managed to recoup some of the intraday losses on hopes that a snap election in Italy could be avoided.

The Japanese yen pair held onto gains but remained below the 106 handle. Lingering trade war and recession fears coupled with US Treasury yields sent mixed signals.

Elsewhere, global oil prices gained on Wednesday in Asia to \$59.44, as the American Petroleum Institute reported that U.S. crude inventories fell more than expected.

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	1.1020	1.1110
GBP/USD	1.2200	1.2320
USD/AED	3.6675	3.6775
USD/JPY	105.30	106.50

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.