



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH AUGUST 2019

DOMESTIC NEWS

The local unit weakened against the U.S currency in the mid-week trading session as the shilling bears dominated proceedings. Copious dollar demand thrust the USD/KES currency pair north, the local FX market was stirred from the onset of trading as importers in a rush to settle import orders emerged aggressively from the shadows coupled with corporate players causing the home unit to fall against the dollar by the closing bell. By close of trade, the local currency stood at 103.40/60, as compared to Tuesday's close of 103.35/55.

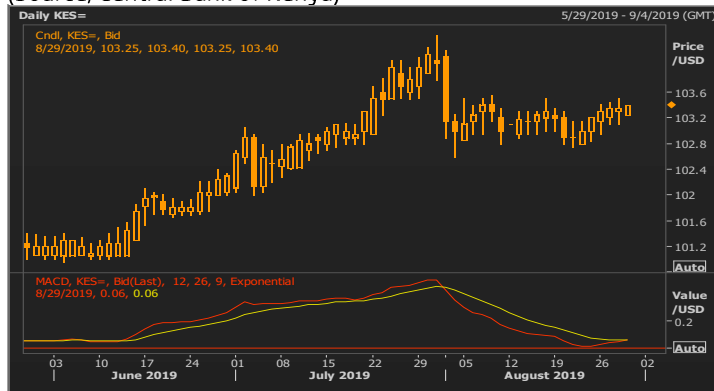
Looking ahead, the local unit is likely to remain within its recently established ranges with a slightly bearish bias in the interim until demand for the dollar fizzles out. In the meantime, the monetary authority mopped up KES 5B in excess liquidity at a weighted average rate of 7.993% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.00	107.00	101.00	106.00
GBP/KES	122.30	130.30	122.80	129.80
EUR/KES	111.20	118.20	111.70	117.70
AED/KES	26.68	29.68	26.68	29.68

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 rose on Wednesday as U.S. President Donald Trump continued to keep up his criticism on the Federal Reserve. The inversion of the Treasury yield curve is widely considered a precursor to an economic slowdown. However, traders may remain concerned about U.S. currency policy because President Donald Trump has complained that the dollar is too strong and has repeatedly attacked the Federal Reserve for not cutting interest rates further. In other news, The Trump administration made official its extra 5% tariff on \$300 billion in Chinese imports and set collection dates of Sept. 1 and Dec. 15, prompting hundreds of U.S. retail, footwear, toy and technology companies to warn of price hikes.

The GBP/USD pair plummeted 0.5% to 1.2220 after the Queen of England agreed to suspend Parliament until Oct. 14, effectively sealing in a no-deal Brexit. This increased expectation of a "no-deal Brexit, which would mean a departure without trading agreements in place. While opposition Labour party leader Jeremy Corbyn is on the top to criticize such a move. The U.K. is expected to leave the European Union on Oct. 31.

The euro was down to 1.1079 for the third straight day on Wednesday. German recession fears are priced to a greater extent. So, the EUR may rise sharply on upbeat data.

The Japanese yen has dropped below 106.00 to 105.85. The pair has come under pressure, possibly due to the losses of the U.S. futures and heightened geopolitical tensions.

Elsewhere, global oil prices fell to \$55.58 on Thursday in Asia after surging overnight amid a large fall in U.S. crude inventories. Concerns about a weakening oil demand due to intensifying Sino-U.S. trade war have sent oil prices down.

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	1.1000	1.1120
GBP/USD	1.2195	1.2280
USD/AED	3.6675	3.6775
USD/JPY	105.10	106.90

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