



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 2ND AUGUST 2019

DOMESTIC NEWS

The home unit clawed back its recent gains against the U.S dollar yesterday, earning itself a podium finish. Thursday's session saw a hive of activity as both counters flexed their muscles from the onset. It was however the local unit that had the upper hand, as interbank players peddled their surplus dollar holdings which was no match for the existing market appetite. By close of trade, the local currency stood stronger at 103.15/35, as compared to Wednesday's close of 104.00/20.

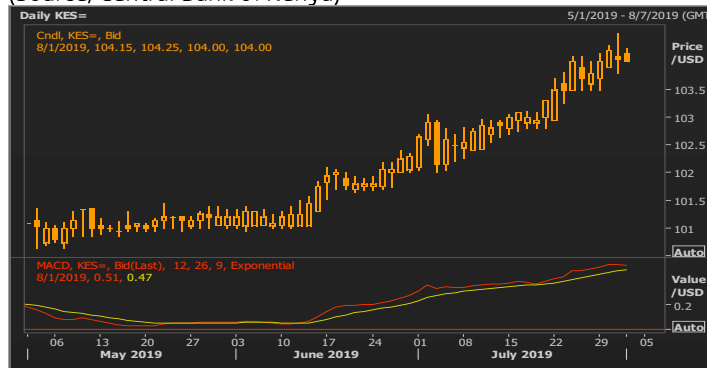
In the new day, we expect the USD/KES pair to trade within the current levels, with a bias towards a stronger shilling if the tightening liquidity in the money market space perseveres. That said, the domestic unit's movement is likely to remain flow based in the absence of fresh factors. In other news, the monetary authority mopped up KES 15B in excess liquidity at a weighted average rate of 7.05% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.55	106.55	100.55	105.55
GBP/KES	120.75	128.75	121.25	128.25
EUR/KES	110.70	117.70	111.20	117.20
AED/KES	26.55	29.55	26.55	29.55

Money Market Rates	Current	Previous	Change
Interbank Rate	2.505%	2.446%	0.059
91-Day T-bill	6.547%	6.592%	-0.045
182-Day T-Bill	7.254%	7.365%	-0.011
364-Day T-Bill	9.038%	8.988%	0.050
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 U.S. dollar fell back on Thursday a day after the excitement of the Federal Reserve's wait-and-see approach wore off. The Fed cut rates by 25 basis points on Wednesday, the first cut in a decade, but indicated it would not be aggressive on its approach to monetary policy. Fed Chairman Jerome Powell called the cut a small correction and "not the beginning of a long series of cuts. In other news, Trump announced in a tweet that he is imposing an additional 10% tariff on \$300 billion worth of Chinese imports beginning on Sept 1. The President said the threat resulted from a failure by China to buy more agricultural goods from the U.S. No visible progress was reported following this week's negotiations.

The GBP/USD pair was also on the back foot, slumping to a two-and-a-half year low of 1.2107 against the surging dollar, after the Bank of England kept rates steady. The bank voted unanimously to keep the rate at 0.75%, as expected, but downgraded its projections for growth for the next two years. The BoE did not warn against a no-deal Brexit scenario, but did say that "companies expect output, employment and investment to be much lower in a no-deal Brexit."

The euro pair fell to \$1.1031, the lowest since May 2017, possibly due to risk off tone in the global markets. The risk-off tone will likely overshadow Eurozone producer price index and U.S. retail sales data scheduled for release.

The yen strengthened to 107.13, after U.S. President Donald Trump broke a truce in the Sino-U.S. trade war, bolstering demand for safe-havens.

Elsewhere, global oil prices rebounded on Friday to \$62.02 in Asia after plunging more than 7% on U.S. Donald Trumps' overnight tweet for more tariffs on Chinese goods.

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	1.1150
GBP/USD	1.2085	1.2190
USD/AED	3.6675	3.6775
USD/JPY	106.95	107.80

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.