



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH AUGUST 2019

DOMESTIC NEWS

The Kenyan shilling continued its losing streak in Thursday's trading session, as it extended its losses against the U.S. dollar. Foreign currency demand from the corporate sector dominated the market for the major part of the day, with mild inflows from investors buying local government securities unable to fashion a formidable counter attack which sent the USD/KES currency pair closing lower. By close of trade, the local currency stood at 103.50/70, as compared to Wednesday's close of 103.40/60.

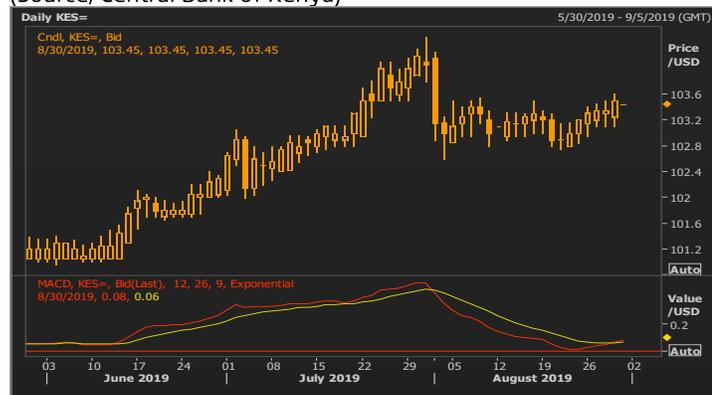
Looking forward, we expect shilling's woes to continue if the recently witnessed uptick in appetite for the buck persists. Players remain watchful of any unexpected factors that might move the market in either direction. In the meantime, the monetary authority mopped up KES 5B in excess liquidity at 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	100.05	107.05	101.05	106.05
GBP/KES	122.15	130.15	122.70	129.70
EUR/KES	110.90	117.90	111.40	117.40
AED/KES	26.69	29.69	26.69	29.69

Money Market Rates	Current	Previous	Change
Interbank Rate	4.729%	4.596%	0.133
91-Day T-bill	6.385%	6.398%	-0.013
182-Day T-Bill	7.011%	7.020%	-0.009
364-Day T-Bill	9.392%	9.248%	0.144
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 higher on Thursday as U.S. economic growth slowed as expected and comments from China helped ease trade war tensions. Chinese officials confirmed on Thursday that they are working with the U.S. to schedule talks in September. Chinese ministry spokesperson Gao Feng said the discussions should focus on preventing escalations and resolving trade issues calmly, which reassured investors that there will be no further escalations. Meanwhile, second-quarter U.S. GDP was revised lower to 2%, as anticipated. The data confirms that the U.S. economy remains solid even in the face of trade uncertainty. The Federal Reserve is slated to cut rates by 25 basis points in September to support the economy in the face of trade risk.

The GBP/USD traded at \$1.2183, on course to post its first weekly loss in three weeks on growing worries about a no-deal Brexit at the end of October. British Prime Minister Boris Johnson suspended parliament for more than a month to dodge a possible no-confidence vote and take Britain out of the European Union on the Oct. 31 deadline.

The euro fell to \$1.1044, hurt by a sluggish euro zone economy and likely monetary easing from the European Central Bank (ECB) next month. Christine Lagarde, the ECB's next president, said on Thursday that the bank still has room to cut interest rates if needed, although this may pose financial stability risk.

The Japanese yen extends the previous run-up as it takes the bids to 106.50 during early Friday. The pair rose due to sluggish data from Japan which adds to previous trade-led risk-on.

Elsewhere, global oil prices were mixed on Friday in Asia at \$60.59 per barrel as the Sino-U.S. trade war has seemingly taken an unexpected turn for the better.

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	1.1010	1.1130
GBP/USD	1.2105	1.2250
USD/AED	3.6675	3.6775
USD/JPY	106.00	107.20

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