



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST JULY 2019

DOMESTIC NEWS

The shilling waffled to the weaker side at the start of the day as demand for the greenback dominated the trading session. Fizzled foreign currency inflows left the home unit licking its wounds as it was overwhelmed by dollar appetite from importers. By close of trade, the local currency stood at 104.15/35, as compared to Monday's close of 103.95/15.

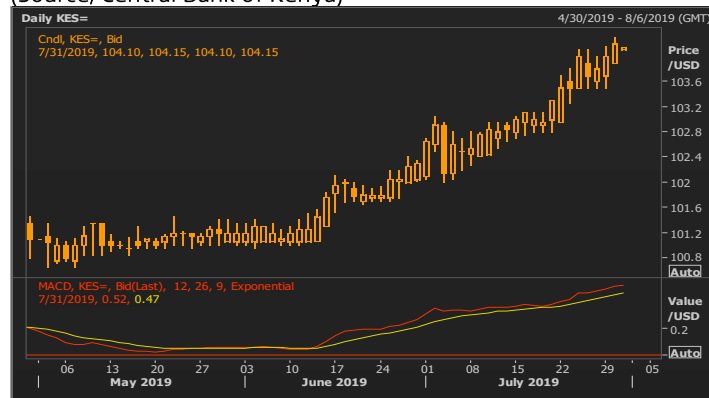
Looking forward, the local unit remains exposed to further downside risks weighed down by burgeoning dollar demand however inflows from investors buying local government securities are trickling in. That said, market players continue to keep an eye on any new developments. Meanwhile, the monetary authority stepped in to draw KES 35 billion in excess liquidity across the 6 and 14-day tenors, at a weighted average rate of 4.537% and 8.399% respectively.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	100.75	107.75	101.5	106.75
GBP/KES	122.75	130.75	123.25	130.25
EUR/KES	112.75	119.75	113.25	119.35
AED/KES	26.88	29.88	26.88	29.88

Money Market Rates	Current	Previous	Change
Interbank Rate	2.573%	2.668%	-0.095
91-Day T-bill	6.592%	6.498%	0.094
182-Day T-Bill	7.365%	7.358%	0.004
364-Day T-Bill	8.988%	8.785%	0.203
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 dollar was relatively stable, largely in a wait-and-see mode as traders looked ahead to the outcome of the Federal Reserve's meeting later in the day when policymakers are expected to cut interest rates for the first time since 2008. With markets predicting the Fed to reduce its key rate by 25 basis points, the focus was on whether it would leave the door open for further policy easing in a bid to insulate the world's largest economy from slowing global growth and the fallout of trade conflicts. Trump on Tuesday reiterated his call for the Fed to make a large interest rate cut, saying he was disappointed in the U.S. central bank and that it had put him at a disadvantage by not acting sooner.

The GBP/USD pair slumped to 1.2160. The pound remained under pressure as stockholders rushed to factor in the possibility of Britain leaving the European Union without a deal. In addition, British Prime Minister Boris Johnson doubled-down on his opposition to the Irish backstop, an insurance policy that aims to prevent a hard border between Northern Ireland and the Republic of Ireland.

The euro pair is stuck around \$1.1155. EUR/USD will likely pick up a strong bid and rise above 1.12 if the Federal Reserve Chairman counters the hawkish message if any, reinforcing a dovish outlook.

The yen was down to 108.56 due to sideways action in the US treasury yields ahead of the Fed coupled with fears of sides failing to make progress in the US-China trade talks weighing on the market sentiment and ramping up the demand for safe-havens.

Elsewhere, global oil prices rose on Wednesday to \$65.05, buoyed by a bigger than expected drop in U.S. inventories as shareholders awaited a widely expected cut in interest rates by the Federal Reserve, the first in more than 10 years.

Indicative Profit Rates on Deposits

Amounts > 10 Million	Amounts >100,000	
	KES	Price /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	1.1095	1.1200
GBP/USD	1.2100	1.2220
USD/AED	3.6675	3.6775
USD/JPY	107.90	109.05

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