



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 5TH AUGUST 2019

DOMESTIC NEWS

The shilling built on its recent strength in what was a volatile session on Friday. Foreign exchange counters were awash with foreign currency sellers amid increased diaspora remittances dwarfing dwindling demand from corporate players, buoying the shilling to a stronger close. By close of trade, the local currency stood at 102.90/10, as compared to Thursday's close of 103.15/35.

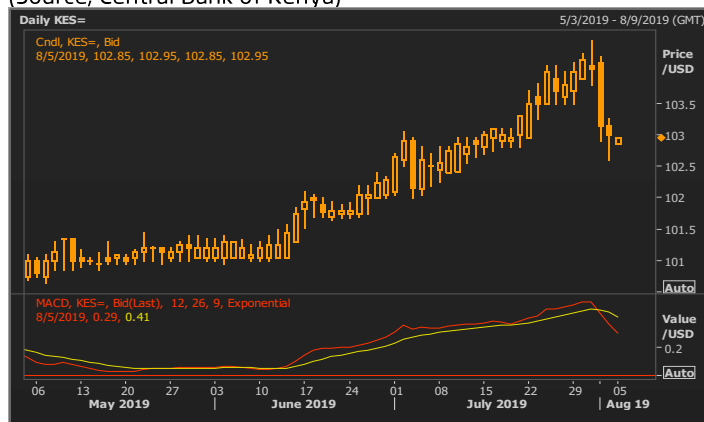
In the new week, our view is that the USDKES pair remains at the mercy of broader market flows to determine its near-term direction. In other news, the monetary authority mopped up KES 15B in excess liquidity at a weighted average rate of 7.49% in the 7-day repo. Meanwhile, The Central Bank will be issuing a new 10Yr Bond, FXD3/2019/10Yr, and re-opening the 20Yr Bond, FXD1/2019/20Yr, in a bid to secure KES 50Bn from this month's auction.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.55	106.55	100.55	105.55
GBP/KES	121.25	129.25	121.75	128.75
EUR/KES	111.10	118.20	111.60	117.60
AED/KES	26.56	29.56	26.56	29.56

Money Market Rates	Current	Previous	Change
Interbank Rate	2.670%	2.505%	0.165
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	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 down on Friday after data showing that U.S. jobs growth slowed in July, underlining the case for the Fed to cut rates again in September. Nonfarm payrolls increased by 164,000 jobs in July, less than the month prior, and wages increased modestly, the Labor Department said. In the meantime, the Sino-U.S. trade tensions returned to focus after U.S. President Donald Trump unexpectedly announced late last week an additional 10% tariff on \$300 billion worth of Chinese imports that will kick in on Sept 1. Officials are set to hold the next round of trade talks next month in Washington, after the latest round of negotiations ended without any visible progress.

The GBP/USD pair dropped to 1.2150. Despite parliamentary recess in the UK, the Prime Minister Boris Johnson and his team keep preparing for a no-deal Brexit, which in turn exerts downside pressure. While some among the Conservative party doubt over the PM Johnson's ability to crash the UK out of the EU without any deal, several others continue to increase odds.

The euro gained to 1.1101 due to the weakness in the greenback. The currency was also boosted by reports that Trump is expected to make a trade announcement regarding the European Union.

The yen rose to 106.00, as traders seek safe-haven amid tensions between Washington and Beijing, while escalated protests in Hong Kong also dampened investor sentiment.

Elsewhere, global oil prices traded lower at \$61.16 on Monday in Asia. Sino-U.S. trade war developments were in focus. Concerns that the U.S.-China trade war may further intensify eased somewhat after President Donald Trump reportedly said that proposed tariffs on China could be delayed or halted if Beijing "takes positive action."

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	1.1090	1.1140
GBP/USD	1.2130	1.2200
USD/AED	3.6675	3.6775
USD/JPY	105.90	107.05

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.