



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 6TH AUGUST 2019

DOMESTIC NEWS

The Kenya shilling lost its upbeat momentum against the U.S dollar on the last first day of the week. The trifling foreign currency inflows witnessed from various sectors of the economy, did little to save the domestic unit from losses. That said, the current trading ranges continue to be mainly flow driven with fundamentals taking a back seat in the interim. By close of trade, the local currency stood at 103.05/25, as compared to Friday's close of 102.95/15.

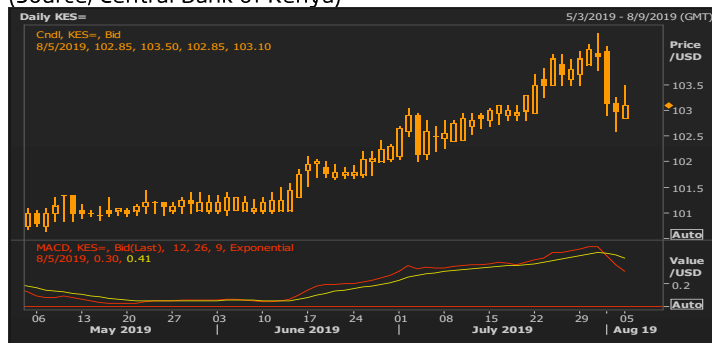
Kenya's private sector activity was little changed in July, as firms struggled to cope with increased demand, a survey showed on Monday. The Purchasing Managers' Index (PMI) for manufacturing and services came in at 54.1 in July, slightly lower from 54.3 in June. A move by the government to start paying outstanding bills - often long-delayed - to its suppliers of goods and services had boosted sentiment during the month. 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.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.70	106.70	100.70	105.70
GBP/KES	121.45	129.45	121.95	128.95
EUR/KES	112.10	119.10	112.60	118.60
AED/KES	26.60	29.60	26.60	29.60

Money Market Rates	Current	Previous	Change
Interbank Rate	2.933%	2.670%	0.263
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 fell after weak services data coupled with trade tensions between the U.S. and China. Growth in the services sector fell to its weakest level since August 2016, with trade worries weighing on business orders, a non-manufacturing survey showed. The greenback was already weak from tensions with China, as the Chinese government asked state-owned companies to stop buying American agricultural goods. The move was in retaliation to U.S. President Donald Trump threatening fresh tariffs on essentially all Chinese goods. In addition, President Donald Trump labeled "currency manipulation" by China. The accusation, which followed a sharp slide in the Chinese yuan on Monday, has driven an even bigger wedge between the world's largest economies and crushed any lingering hopes for a quick resolution to their year-long trade war.

The GBP/USD pair failed to portray pessimism surrounding the no-deal Brexit as it pulled back to \$1.2160. Given the summer recess in the British Parliament, investors may keep an eye over macro news/headlines for fresh direction. Boris Johnson's no-deal Brexit preparations have caught an ire from the opposition as the Labour party leader vows to call a no-confidence motion once the Parliament reconvenes at September-start.

The euro rose to 1.1200 due to the weakness in the greenback. The positive momentum seemed rather unaffected by the fact that the entire German yield curve was below zero.

The yen rose to 106.60, improving risk sentiment was evident from a modest rebound in the US Treasury bond yields.

Elsewhere, global oil prices reversed a decline to \$60.29 as China's central bank set the yuan fixing stronger than expected, calming investors after the U.S. indicted China of currency manipulation.

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	1.1150	1.1300
GBP/USD	1.2115	1.2200
USD/AED	3.6675	3.6775
USD/JPY	105.50	107.20

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.