



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH AUGUST 2019

DOMESTIC NEWS

The domestic unit had a poor run against its American counterpart on Wednesday due to corporate demand and the impact of investors dumping assets perceived as risky. That said, superfluous liquidity levels still pose a chancy threat as market players are still looking out for market dynamics. By close of trade, the local currency stood at 103.35/55, as compared to Tuesday's close of 103.20/40.

In the new day, our view is that the shilling will continue trading with a defensive tone, barring any intervention or change in fundamentals. In other news, the monetary authority mopped up KES 5B in excess liquidity at a weighted average rate of 7.229% in the 5-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.95	106.95	100.95	105.95
GBP/KES	121.80	129.80	122.30	129.30
EUR/KES	112.45	119.45	112.90	118.90
AED/KES	26.66	29.66	26.66	29.66

Money Market Rates	Current	Previous	Change
Interbank Rate	3.302%	3.209%	0.093
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 dove overnight before recovering slightly after U.S. president Donald Trump reiterated his accusations that the Federal Reserve is not cutting rates fast enough. Trump tweeted that the Fed needs to "cut rates bigger and faster," and that "our problem" was not China, but the U.S. central bank. In addition, the escalation of the trade conflict between Washington and Beijing was seen hurting the long term economic fortunes of China, in turn damaging the prospects of antipodean countries which have deep commercial ties with the world's second largest economy.

The GBP/USD pair remains firm at \$1.2160. While news of full-fledged preparations of a no-deal Brexit by the UK lawmakers keeps making the rounds, the latest report says that the UK Prime Minister Boris Johnson could call for a general election just following the Brexit, on November 01, to gain the support of Leave voters. It should be noted that some among the Tory rebels are plotting to oust PM Johnson in a case he fails no-confidence vote, which is likely being taken on early September by lawmakers who fear hard Brexit.

The euro traded around \$ 1.1210. The single pair may come under pressure if the European Central Bank's Economic Bulletin, paints a negative picture of the Eurozone economy.

The yen was supported on Thursday at 106.17, after global central banks startled markets with heavy rate cuts and threats of more to come as world economic risks grow, boosting the appeal of the safe-haven Japanese currency.

Elsewhere, global oil prices jumped more than \$1 to \$57.75 recovering half of the nearly 5% losses in the previous session, on expectations that lower prices may lead to production cuts.

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	1.1160	1.1290
GBP/USD	1.2110	1.2200
USD/AED	3.6675	3.6775
USD/JPY	105.50	107.00

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