



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH JULY 2018

DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Wednesday as inflows from portfolio investors buying stocks and government debt outweighed low demand for the greenback from importers and offset excess liquidity in the money markets. The Central Bank stayed out of the inter-bank money market, citing a square market after mopping KES 20 billion in excess liquidity the previous day. The local currency was last at 100.70/90, marginally stronger than Tuesday's close of 100.80/101.00.

We expect the shilling to remain relatively stable against the dollar in the short term, supported by inflows from offshore investors, horticulture exports and diaspora remittances amid low dollar demand from importers.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.30	104.30	98.30	103.30
GBP/KES	129.15	137.15	129.65	136.65
EUR/KES	114.25	121.25	114.75	120.75
AED/KES	25.95	28.95	25.95	28.95

Money Market Rates	Current	Previous	Change
Interbank Rate	3.7743%	4.5123%	-0.738
91-Day T-bill	7.725%	7.733%	-0.008
182-Day T-Bill	9.499%	9.607%	-0.108
364-Day T-Bill	10.442%	10.488%	-0.046
Inflation	4.28%	3.95%	0.330
CBR RATE	9.50%	10.00%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar rose on Wednesday as the market put aside trade tension fears and focused on expectation-beating inflation report, which increased prospects that the Federal Reserve will raise interest rates another two times this year. China accused the United States of bullying and warned it would hit back after the Trump administration raised the stakes in their trade dispute, threatening 10% tariffs on \$200 billion of Chinese goods.

The dollar index, which measures the greenback against six major global currencies, was up 0.7% on the day to close at of 94.70.

The euro fell on Wednesday following Washington's threat of tariffs on \$200 billion worth of Chinese imports in an escalating trade conflict that has heightened worries that the euro zone economy could be hurt. After initially showing little movement, the euro succumbed to selling pressure and was 0.5% lower to close at \$1.1680 against the U.S. dollar.

Meanwhile, the sterling pound also edged down on Wednesday as investors tried to gauge whether the resignation of two ministers over Prime Minister Theresa May's Brexit plans would affect an expected interest rate hike this summer. The British currency initially rose to as high as \$1.3285, roughly where it was on Friday before the resignations - before a rallying dollar knocked it back to \$1.3205, down 0.3% on the day.

Elsewhere, Brent crude, the international benchmark for oil prices, had its biggest one-day drop in two years on Wednesday as escalating U.S.-China trade tensions threatened to hurt oil demand and as news that Libya would reopen its ports raised expectations of growing supply. Brent crude fell \$5.46, or 6.9%, to settle at \$73.40 a barrel. The decline was the largest one-day move on a percentage basis since Feb. 9, 2016.

Indicative Profit Rates on Deposits		
Amounts > 10 Million	Amounts >100,000	
	KES	USD
Call	7.00%	2.00%
1 Month	8.50%	2.25%
3 Months	9.25%	2.75%
6 Months	9.50%	3.25%
1 year	10.00%	3.50%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1630	1.1730
GBP/USD	1.3155	1.3255
USD/AED	3.6675	3.6785
USD/JPY	111.70	112.70

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