



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH AUGUST 2018

DOMESTIC NEWS

The shilling ceded ground to the dollar on Friday as players covered any open dollar positions ahead of the week. A surge on corporate dollar demand amid thin inflows saw the local unit shed 10 cents to close trade at 100.40/60 compared to the previous close of 100.30/50. If the dollar demand surges further, the local unit could come under pressure but is expected to trade within its current range of 100.20-101.00 this week. The local market will keenly watch if the falling Turkish Lira will have a contagion impact on emerging and frontier market currencies.

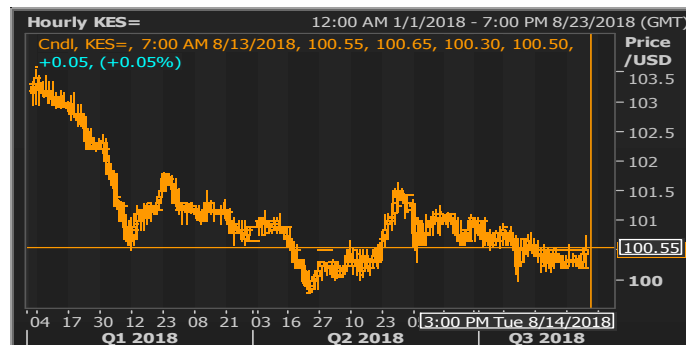
Overnight rates fell marginally to 7.78% from 8.24% thanks to improved liquidity and support from the central bank via liquidity injection into the market through its open market operations.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.10	104.10	98.10	103.10
GBP/KES	124.32	132.32	124.82	131.82
EUR/KES	110.03	118.03	111.53	117.53
AED/KES	25.89	28.89	25.89	25.89

Money Market Rates	Current	Previous	Change
Interbank Rate	7.772%	8.2144%	-0.440
91-Day T-bill	7.668%	7.611%	0.057
182-Day T-Bill	9.017%	9.083%	-0.066
364-Day T-Bill	9.990%	10.008%	-0.018
Inflation	4.350%	4.280%	0.070
CBR RATE	9.00%	9.50%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

Global markets were roiled by the massive depreciation of the Turkey's Lira which sparked a wave of risk aversion. The euro fell to its lowest against the dollar in more than a year, weighed by the falling Turkish lira, with investors worried about a contagion effect on European banks. To be sure, U.S. President Donald Trump said he had authorized a doubling of tariffs on steel and aluminum imports from Turkey on what he termed as worsening relations with Turkey, a move that saw the Lira falls further on Friday.

The Euro dropped below technical support at \$1.15 to \$1.1393, down 1.2% on the day and the lowest since July 2017.

In efforts to step further losses, the Turkish authorities urged old citizens to exchange gold and hard currency into lira, framing the crisis as a "national battle" against economic enemies. This morning, the lira has pulled back from Friday's record low of 7.24 to the dollar after the central bank pledged to provide liquidity and cut lira and foreign currency reserve requirements for Turkish banks and pledged to provide "all the liquidity banks need". The central bank pledged to cut the lira's reserve requirement ratio by 250 basis points for all maturity brackets and lowered reserve requirement ratios for non-core FX liabilities by 400 basis points for maturities up to three years.

We fear the Turkish lira woes could spread to other emerging market currencies. To be sure, the South African rand has fell more than 10% against the dollar this morning, its lowest levels since June 2016,

Oil prices dipped on Monday as rising trade tensions dented the outlook for fuel demand growth especially in Asia, although U.S. sanctions against Iran still pointed towards tighter supply.

Indicative Profit Rates on Deposits		
Amounts > 10 Million	Amounts >100,000	
	KES	USD
Call	6.50%	2.00%
1 Month	7.50%	2.25%
3 Months	8.50%	2.75%
6 Months	9.50%	3.25%
1 year	9.75%	3.50%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1350	1.1450
GBP/USD	1.2700	1.2800
USD/AED	3.6675	3.6775
USD/JPY	110.00	110.90

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