



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH JULY 2018

DOMESTIC NEWS

The Kenyan shilling weakened marginally against the US dollar on Tuesday as horticulture exports inflows that had supported the shilling on Monday declined and demand for the greenback from oil and manufacturing importers picked up. The local currency traded at 100.50/70, slightly weaker than Monday's close of 100.30/50.

We expect the shilling, which has strengthened by 2.45% against the dollar on a year to date (YTD) basis to remain relatively stable and trade in the 100.00/101.00 range in the short term supported by healthy horticultural exports inflows, diaspora remittances and foreign investors purchasing stocks and government debt as demand for the greenback from importers remains low.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.10	104.10	98.10	103.10
GBP/KES	127.75	135.75	128.25	135.25
EUR/KES	113.55	120.55	114.05	120.05
AED/KES	25.90	28.90	25.90	28.90

Money Market Rates	Current	Previous	Change
Interbank Rate	3.3083%	3.1052%	0.203
91-Day T-bill	7.701%	7.725%	-0.024
182-Day T-Bill	9.322%	9.499%	-0.177
364-Day T-Bill	10.381%	10.442%	-0.061
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 US dollar rose on Tuesday as Federal Reserve Chairman Jerome Powell provided an upbeat assessment on the U.S. economy while downplaying the impact of current global trade policy discussions on the outlook for further monetary tightening. In his testimony before the Senate Banking Committee, Powell said the economy is on track for years of steady growth, though congress challenged the rosy outlook on concerns that the recently imposed tariffs would put a dent in growth.

The dollar index, which measures the greenback against six major global currencies, rose 0.45% to close at 95.15. The dollar's gains this year have been capped by worries over the intensifying trade dispute between the United States and China, though the concerns have not derailed the greenback's solid performance so far.

The euro declined 0.4% against the stronger dollar to close at \$1.1640 after weakening half a percent last week.

Meanwhile, the sterling pound fell near eight-month lows on Tuesday after a series of votes in parliament exposed the growing rift within Prime Minister Theresa May's Conservative Party over a Brexit roadmap. With less than nine months to go until the UK leaves the EU and a deal determining what happens to its future relationship needing to be signed well before that, the latest vote in parliament is seen by markets as a fresh headwind for sterling. The British currency fell 0.8% against the dollar to close at \$1.3100, its worst daily showing since May 1.

Elsewhere, global oil prices dropped on Tuesday after an industry group reported that U.S. crude inventories rose last week, defying analyst expectations for a significant reduction. Brent crude, the international benchmark for oil prices, was down 0.4% from the previous session to close at \$71.85 a barrel.

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	1.1590	1.1690
GBP/USD	1.3050	1.3150
USD/AED	3.6675	3.6785
USD/JPY	112.50	113.50

For more details, contact our Treasury staff- Peter and Michael 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.