



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD JULY 2018

DOMESTIC NEWS

The Kenyan shilling held steady against the US dollar on Friday as inflows from offshore investors buying government debt matched muted demand for the greenback from importers amid excess liquidity in the local money market. The weighted average daily interbank lending rate stood at 3.4236% on Friday, an indication of excess liquidity in the market. The local currency was steady at 100.65/75, same as Thursday's close.

We expect the local currency to come under some pressure against the dollar in the short term as end month dollar demand from importers looking to meet their end month obligations picks up. However, we expect the shilling to receive support from the country's high forex reserves, currently at USD 8.9 billion, equivalent to 5.9 months of import cover and the USD 1.5 billion stand-by credit and precautionary facility by the IMF, still available until September 2018.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.25	104.25	98.25	103.25
GBP/KES	128.45	136.45	128.95	135.95
EUR/KES	114.75	121.74	115.25	121.25
AED/KES	25.95	28.95	25.95	28.95

Money Market Rates	Current	Previous	Change
Interbank Rate	3.4236%	3.3979%	0.026
91-Day T-bill	7.656%	7.701%	-0.045
182-Day T-Bill	9.194%	9.322%	-0.128
364-Day T-Bill	10.238%	10.381%	-0.143
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 fell further against major global currencies on Friday after the latest comments by U.S. President Donald Trump complaining about the strength of the greenback and the rise in U.S. interest rates squashed a rally that took it to a one-year high the previous session. Trump earlier told CNBC that a strong dollar put the United States at a disadvantage and he was ready to place tariffs on \$500 billion of imported goods from China. Analysts said the rise in the U.S. dollar this year was due in part to the president's growth-oriented policies, which have bolstered the Federal Reserve's case for raising rates.

The dollar index, which measures the greenback against six major global currencies, was 0.75% weaker at 94.30, after hitting a one-year high of 95.62 in the previous session.

Meanwhile, the euro rose 0.7% against the weaker dollar to close at \$1.1735.

The sterling pound also rose towards the \$1.31 mark on Friday as the dollar skidded lower and traders took stock at the end of a bruising week for the British currency. Weak economic data and more political uncertainty around the government's Brexit position have hammered sterling in recent sessions. However, the British currency rose 0.6% to close at \$1.3145. Sterling had dropped to as low as \$1.2960 on Thursday, its weakest since early September, after worse-than-forecast retail sales data and slower-than-expected inflation rises combined with a dollar rally.

Elsewhere, global oil prices rose on Friday as a weakening dollar and lower expected August crude exports from Saudi Arabia supported the market, offsetting concerns about U.S.-China trade tensions and supply increases. Brent crude, the global benchmark for oil prices, settled up 50 cents to close at \$72.90 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	1.1685	1.1785
GBP/USD	1.3095	1.3195
USD/AED	3.6675	3.6785
USD/JPY	110.40	111.40

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