



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 24<sup>TH</sup> JULY 2018

### DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Monday as hard currency inflows from horticulture exports and portfolio investors countered month-end dollar demand from importers. The local currency traded at 100.45/65, compared with 100.65/85 at Friday's close. We expect the local unit to remain relatively stable against the dollar in the short term, supported by healthy horticulture exports inflows despite pressure from high dollar demand from importers as end month nears.

Meanwhile, the Central Bank of Kenya, acting in its capacity as the fiscal agent for the Republic of Kenya, is inviting bids for a new 20-year treasury bond FXD2/2018/20. The paper is being issued for a total of KES 40 billion for budgetary support. The bond carries a coupon of 13.20%. Latest data from NSE indicates that the bond with a similar tenor is trading at a yield of 13.35%.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.05	104.05	98.05	103.05
GBP/KES	127.60	135.60	128.10	135.10
EUR/KES	113.95	120.95	114.45	120.45
AED/KES	25.90	28.90	25.90	28.90

Money Market Rates	Current	Previous	Change
Interbank Rate	3.9836%	3.4236%	0.560
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 U.S. dollar rose against major global currencies on Monday, helped by a rise in Treasury yields on expectations that the Federal Reserve would continue raising interest rates despite criticism from President Donald Trump. CNBC reported late last week that Trump was worried the Federal Reserve will raise interest rates twice more this year. Trump said the Fed's policy tightening and the strong dollar could hurt the U.S. economy. The disparity in interest rates between the U.S. and other major economies has been a primary driver of the stronger dollar this year.

The dollar index, which measures the greenback against six major global currencies, was up 0.25% from the previous session to close at 94.70.

The euro fell 0.25% against the resurgent dollar to close at \$1.1685 after rising to a high of \$1.1735 on Friday.

The sterling pound also struggled against the dollar, failing to hold on to earlier gains that had lifted the pound further away from sub-\$1.30 10-month lows last week. After rebounding on Friday as the greenback was undermined by U.S. President Donald Trump's comments lamenting the dollar's recent strength, sterling slipped as much as 0.2% to close at \$1.3090. The British currency looks set for more volatility, especially if there are signs that support for a hard Brexit - crashing out of the European Union without a trade deal in place - is gaining ground.

Meanwhile, global oil prices fell on Monday as attention shifted back to the risk of oversupply, with market participants shrugging off escalating tensions between the United States and Iran. Brent crude, the international benchmark for oil prices, was down 0.3%, at \$72.75 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	1.1635	1.1735
GBP/USD	1.3040	1.3140
USD/AED	3.6675	3.6785
USD/JPY	110.85	111.85

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