



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH JULY 2018

DOMESTIC NEWS

The Kenya shilling held steady against the US dollar on Tuesday as inflows from the horticulture sector matched demand for the greenback from oil and manufacturing importers. The local currency traded at 100.45/65, same as Monday's close.

We expect the local currency to come under some pressure against the US dollar as we approach the end of the month due to end month dollar demand from importers. However, we expect the shilling to receive support from improving horticulture exports and the country's high forex reserves, currently at USD 8.9 billion, equivalent to 5.9 months of import cover.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.05	104.05	98.05	103.05
GBP/KES	128.15	136.15	128.65	135.65
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%	3.9836%	0.000
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 weakened marginally against major global currencies on Tuesday, offsetting earlier gains made after U.S. Treasury yields rose on Monday, as comments last week from U.S. President Donald Trump that criticized the currency's strength continued to weigh on sentiment.

The dollar index, which measures the dollar against a basket of six major global currencies, traded marginally lower at 94.65. It was firmly off a one-year high of 95.65 touched on Friday. A jump in benchmark 10-year U.S. Treasury yields to a five-week high had provided support to the dollar in U.S. trade on Monday.

The euro held relatively stable against the US dollar on Tuesday after the Purchasing Managers' Index (PMI) survey showed Eurozone business growth remained robust. The euro traded at \$1.1680, little changed from Monday's close. With the U.S. central bank likely to raise interest rates at least twice more this year and the European Central Bank unlikely to raise interest rates until the second half of 2019, markets remain cautious about the outlook of the euro.

Meanwhile, the sterling pound hit a five-day high versus the dollar on Tuesday as the greenback lost some momentum, but the outlook for the British currency was clouded by fresh anxiety over Brexit and doubts about the economy. Prime Minister Theresa May said she would now lead negotiations with the European Union and that gave the British currency a modest boost with the currency up 0.4% against the dollar to close at \$1.3140.

Elsewhere, global oil prices rose for a second day on Tuesday after industry group data showed U.S. crude inventories fell more than expected last week, easing worries about oversupply that had dragged on markets in recent sessions. Brent crude, the global benchmark for oil prices, was up 0.7% to close at \$73.95 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	1.1630	1.1730
GBP/USD	1.3090	1.3190
USD/AED	3.6675	3.6785
USD/JPY	110.80	111.80

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