



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 2<sup>ND</sup> AUGUST 2018

### DOMESTIC NEWS

The Kenyan shilling was relatively steady against the US dollar for the second day running on Wednesday, helped by hard currency inflows from diaspora remittances and coffee exports amid muted demand for the greenback from oil and manufacturing importers. The local unit traded at 100.35/55, little changed from Tuesday's close of 100.40/60.

We expect the shilling to remain relatively stable in the short term, supported by health inflows from the agricultural sector, diaspora remittances and tight liquidity conditions in the local money market as demand for the dollar from importers remains muted.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.95	103.95	97.95	102.95
GBP/KES	127.60	135.60	128.10	135.10
EUR/KES	113.50	120.50	114.00	120.00
AED/KES	25.85	28.85	25.85	28.85

Money Market Rates	Current	Previous	Change
Interbank Rate	8.5250%	8.1052%	0.420
91-Day T-bill	7.608%	7.656%	-0.048
182-Day T-Bill	9.111%	9.194%	-0.083
364-Day T-Bill	10.088%	10.238%	-0.150
Inflation	4.35%	4.28%	0.070
CBR RATE	9.00%	9.50%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The U.S. dollar rose marginally against a basket of major global currencies on Wednesday as the U.S. Federal Reserve left interest rates unchanged but characterized the economy as strong, keeping the central bank on track to increase borrowing costs two more times this year in September and December. The Fed's decision left its benchmark overnight lending rate in a range of 1.75% to 2.00%. The Fed added that economic growth has been rising strongly and the job market has continued to strengthen while inflation has remained near the central bank's 2% target since its last policy meeting in June, when it raised rates.

The dollar index, which measures the greenback against a basket of six currencies, was up 0.10% to close at 94.75.

The euro fell 0.15% against the dollar to close at \$1.1650, coming under pressure from the stronger dollar and a Purchasing Managers' Index survey that showed factory output was growing but had nudged up only slightly from June's 18-month low.

Meanwhile, the sterling pound held steady near a one-week low on Wednesday before a Bank of England policy meeting on Thursday that is widely expected to raise interest rates for the second time since the global financial crisis. Markets have priced in a quarter-point increase, but any dovish comments from policymakers could cause sterling to drop, and that possibility checked appetite for the pound which held steady against the dollar at \$1.3100.

Elsewhere, global oil prices fell on Wednesday as a surprise increase in U.S. crude stockpiles fed concerns about global oversupply. Brent crude, the international benchmark for oil prices, fell \$1.5 to settle at \$72.75 a barrel, a 2.5% loss. Oil prices are also being pressured by concern that global trade tensions could crimp economic growth.

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	1.1600	1.1700
GBP/USD	1.3050	1.3150
USD/AED	3.6675	3.6785
USD/JPY	111.05	112.05

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