



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 2ND OCTOBER 2018

DOMESTIC NEWS

The Kenyan shilling held relatively steady against the greenback on Monday due to thin dollar demand from oil and manufacturing importers and tightening liquidity in the local money markets. At close of trade, the local currency stood at 100.85/101.05, little changed from Friday's close of 100.80/101.00. We expect the shilling to remain relatively stable in coming days amid thin dollar demand from importers.

Meanwhile, Kenya's economy expanded by 6.3% in the second quarter of 2018 compared to 4.7% in Q2 of 2017 due to better performance in agriculture, manufacturing, construction, accommodation and food services. However, financial and insurance activities slowed to 2.3% from 3.5% in Q2 of 2017. The increased activity in the economy was mainly attributable to improved weather and security conditions, stable political environment in the country and aggressive marketing strategies undertaken by the government. Market analysts expect the economy to expand by 6.2% in 2019, up from a forecast 6% this year.

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.45	104.45	98.45	103.45
GBP/KES	127.50	135.50	128.00	135.00
EUR/KES	113.20	120.20	113.70	119.70
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	5.4136%	5.9941%	-0.581
91-Day T-bill	7.609%	7.618%	-0.009
182-Day T-Bill	8.646%	8.683%	-0.037
364-Day T-Bill	9.6700%	9.676%	-0.006
Inflation	5.70%	4.04%	1.660
CBR RATE	9.00%	9.50%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar consolidated recent gains on Monday as higher U.S. Treasury yields boosted appeal for the greenback. Relative interest rate differential story is back and that is helping the dollar with U.S. ten-year yields comfortably above the 3% levels and the Fed likely to raise interest rates again in December. While trade concerns have played a major role in the dollar's 3.2% rise so far this year, an increasingly confident U.S. Federal Reserve has also helped the greenback.

The euro dipped against the greenback on Monday on renewed concerns about Italy's budget. Italian Deputy Prime Minister Luigi Di Maio accused EU officials of deliberately upsetting financial markets with negative comments about Italy's budget plans. The euro was last down 0.25% against the greenback at \$1.1570. The single currency has been hurt by concerns that a significant increase in Italy's budget will exacerbate the country's already high debt levels.

Meanwhile, the sterling pound rose marginally on reports Britain is preparing to make a significant offer to the EU to reach a Brexit deal but investors said a divisive ruling Conservative Party conference this week could weaken the currency. The pound jumped as much as 0.7% on the report to \$1.3100 before relinquishing most of its gains to trade flat at \$1.3030.

Elsewhere, global oil prices jumped more than \$2 a barrel Monday, rising to levels not seen since November 2014, as U.S. sanctions on Iran loom and a North American trade deal fosters growth as the U.S. and Canada forged a deal on Sunday to salvage the North American Free Trade Agreement (NAFTA), a trilateral pact with Mexico. Global benchmark Brent crude settled at \$85.05 a barrel, up \$2.25, or 2.7% from the previous close.

Indicative Profit Rates on Deposits				
	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
Call	6.50%	Price /USD	2.00%	
1 Month	7.50%	-100.9	2.25%	
3 Months	8.50%	-100.7	2.75%	
6 Months	9.50%	-100.5	3.25%	
1 year	9.75%	-100.3	3.50%	
Indicative Cross Rates				
	Bid		Offer	
EUR/USD	1.1520	Value /USD	1.1620	
GBP/USD	1.2980	-0.05	1.30780	
USD/AED	3.6675	-0.1	3.6785	
USD/JPY	113.30	Auto	114.30	

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