



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

## TREASURY MARKET UPDATE 30<sup>TH</sup> JULY 2018

### DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Friday as inflows from diaspora remittances outmatched low demand for the greenback from importers amid tightening liquidity in the money market. The local currency traded at 100.25/45, compared to Thursday's close of 100.40/60 as the weighted average daily interbank lending rate climbed to 6.4527% from 5.5351% on Thursday, indicating tight liquidity in the money market. We expect the shilling to remain relatively stable and trade in a tight range in the short term with market players eyeing today's central bank's monetary policy meeting for direction.

The Monetary Policy Committee (MPC) is set to meet today 30th July 2018 to review the prevailing macroeconomic conditions and give direction on the Central Bank Rate (CBR). We expect the committee to adopt a wait and see approach as they monitor the effects of the March rate cut to 9.5%. We therefore expect the MPC to hold the CBR at 9.5%.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.85	103.85	97.85	102.85
GBP/KES	127.55	135.55	128.05	135.05
EUR/KES	113.50	120.50	114.00	120.00
AED/KES	25.80	28.80	25.80	28.80

Money Market Rates	Current	Previous	Change
Interbank Rate	6.4527%	5.5351%	0.918
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	4.28%	3.95%	0.330
CBR RATE	9.50%	10.00%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The US dollar held stable against major global currencies on Friday after data showing the U.S. economy rang up its strongest quarter in nearly four years failed to erase worries that trade frictions would be a drag in the second half of 2018 and as focus turned to key central bank meetings this week that could set the near-term course for currencies. Central banks in focus include the Bank of Japan, which ends a two-day meeting on Tuesday, and the Federal Reserve, which concludes its policy meeting on Wednesday. The Bank of England also makes a policy decision on Thursday.

The dollar index against a basket of six major currencies stood little changed at 94.70.

The euro meanwhile, also held stable at \$1.1660 following its biggest one-day loss in a month on Thursday in reaction to the European Central Bank on Thursday reaffirming its plan to slowly end its accommodative monetary policy.

The sterling pound was also stable at \$1.3105 but was poised to register its third consecutive weekly loss as concerns about the progress of Brexit negotiations trumped any optimism ahead of a likely interest rate hike this week. Market bets for a Bank of England rate hike have settled at a firm 81%. In contrast, the European Central Bank backed investor expectations for a 10 basis point hike only in October 2019, its first since 2011.

Elsewhere, global oil prices fell on Friday, weighed down by a drop in the U.S. equities market, but Brent still marked a weekly increase, supported by easing trade tensions and a temporary shutdown by Saudi Arabia of a key crude oil shipping lane. Brent crude, the international benchmark for oil prices, fell 25 cents to settle at \$74.30 a barrel, but notched a 1.8 percent weekly increase, its first increase in four weeks.

#### 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	1.1610	1.1710
GBP/USD	1.3055	1.3155
USD/AED	3.6675	3.6785
USD/JPY	110.55	111.55

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