



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST JULY 2018

DOMESTIC NEWS

The Kenyan shilling weakened marginally against the US dollar on Monday as end month demand for the greenback from oil and manufacturing importers outweighed inflows from coffee export earnings. The local currency traded at 100.35/55, marginally weaker than Friday's close of 100.25/45. We expect the shilling to remain relatively stable in the short term receiving some support from tight liquidity conditions in the local money market.

Meanwhile, Kenya's central bank unexpectedly cut its benchmark lending rate to 9% from 9.5% on Monday, saying inflation expectations were anchored within the target range while economic growth was below its potential. The rate was last cut in March, also by 50 basis points. In a statement, the central bank said policymakers felt there was some room for further accommodative monetary policy and had decided to lower the Central Bank Rate to 9% while noting the risk of perverse outcomes.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.95	103.95	97.95	102.95
GBP/KES	127.90	135.90	128.40	135.40
EUR/KES	114.20	121.20	114.70	120.70
AED/KES	25.85	28.85	25.85	28.85

Money Market Rates	Current	Previous	Change
Interbank Rate	6.4527%	6.4527%	0.000
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	9.00%	9.50%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar slipped against the major global currencies on Monday ahead of economic data and central bank monetary policy meetings this week. The U.S. dollar index, which measures the greenback against a basket of six currencies, was down 0.4% to close at 94.30.

Central banks meetings 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 and the Bank of England, which makes a policy decision on Thursday.

The euro rose 0.45% to close at \$1.1715, as it recovered from its worst weekly performance against the greenback in six weeks. The euro's gains follow a sharp decline last week after the European Central Bank reaffirmed that rates would stay low through the summer of 2019. German and Spanish inflation remained slightly above the European Central Bank's price stability target in July, preliminary data showed on Monday, supporting the ECB's cautious approach of winding down its monetary stimulus only gradually.

Meanwhile, the sterling pound also rose against the dollar on Monday, but its modest gains reflected concern among investors about the currency's prospects before a widely anticipated Bank of England interest rate hike this week. The Bank of England (BoE) looks set to pass a post-financial crisis milestone on Thursday by finally raising interest rates above their emergency levels set more than nine years ago. The British currency rose 0.2% to close at \$1.3130.

Elsewhere, global oil prices rose on Monday as traders continued to focus on supply disruptions and a possible hit to crude output from U.S. sanctions on Iran. Brent crude, the international benchmark for oil prices, settled at \$74.60, up 0.4% from the previous close.

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	1.1665	1.1765
GBP/USD	1.3080	1.3180
USD/AED	3.6675	3.6785
USD/JPY	110.70	111.70

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