



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 3RD AUGUST 2018

DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Thursday supported by dollar inflows from diaspora remittances and coffee exports amid tight liquidity in the local money markets as demand for the greenback from importers remained muted. The local currency traded at 100.20/40, marginally stronger than Wednesday's close of 100.35/55.

We expect the shilling to remain firm in the coming week, supported by inflows from offshore investors buying government debt and agricultural exports amid thin demand for the dollar from importers. The shilling is also expected to receive support from tight liquidity conditions in the local money market.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.80	103.80	97.80	102.80
GBP/KES	126.60	134.60	127.10	134.10
EUR/KES	112.80	119.80	113.30	119.30
AED/KES	25.80	28.80	25.80	28.80

Money Market Rates	Current	Previous	Change
Interbank Rate	8.3475%	8.5250%	-0.178
91-Day T-bill	7.611%	7.608%	0.003
182-Day T-Bill	9.083%	9.111%	-0.028
364-Day T-Bill	10.008%	10.088%	-0.080
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 US dollar rose to the highest level in nearly two weeks against a basket of currencies on Thursday, as a flare-up in trade tensions between the United States and China drove traders to buy the U.S. currency. U.S. President Donald Trump sought to ratchet up pressure on China for trade concessions by proposing a higher 25% tariff on \$200 billion worth of Chinese imports.

The dollar index, which measures the greenback against a basket of six other currencies, was up 0.5% at 95.15, the highest since July 20. The U.S. currency was also supported by an upbeat assessment from the U.S. Federal Reserve on Wednesday. Markets will now be looking to July employment data, due on Friday, for the next catalyst for the greenback.

The euro fell almost half a percent against the dollar on Thursday after the flare-up in the trade tensions between the U.S. and China sent investors scrambling to buy the U.S. currency. The common currency was down 0.5% to a two-week low of \$1.1590.

Meanwhile, the pound fell on Thursday despite the Bank of England lifting interest rates from financial crisis-era lows, after Governor Mark Carney said monetary policy needed to walk not run and expressed concern about the risks of a cliff-edge Brexit. The BoE raised rates by 25 basis points to 0.75% as was widely expected. The British currency succumbed to selling pressure and dropped as much as 0.8% to close at \$1.3020.

Elsewhere, global oil prices rose on Thursday, steadying after losses over the past two days from a surprise increase in U.S. crude inventories and renewed concerns over trade friction between the U.S. and China. Brent crude, the global benchmark for oil prices, was up 0.2% to close at \$73.40 a barrel, after dropping 2.5% on Wednesday.

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	1.1540	1.1640
GBP/USD	1.2970	1.3070
USD/AED	3.6675	3.6785
USD/JPY	111.15	112.15

For more details, contact our Treasury staff- Peter and Michael on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.