



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 3RD JULY 2018

DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Monday due to tight liquidity in the local money markets and reduced demand for the greenback from oil importers and manufacturers. The local unit traded at 100.75/95, compared to Friday's close of 100.80/101.00. We expect the shilling to remain relatively stable in the short term with muted demand for the dollar from importers being matched by health inflows from the horticulture sector.

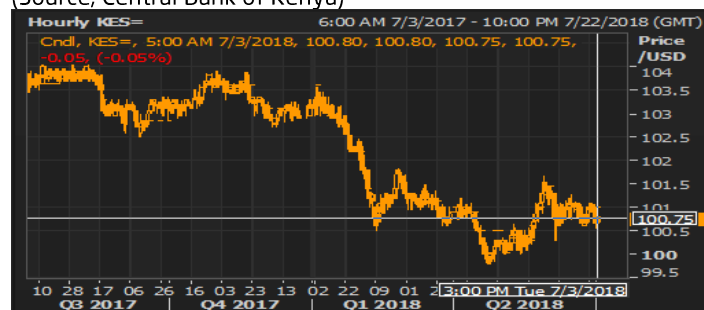
Meanwhile, Kenya's economy expanded at an annualized rate of 5.7% in the first quarter of this year, compared with 4.8% in the same period of last year. The significant acceleration in growth was mainly attributable to improved weather conditions and a boost in business and consumer confidence after the conclusion of general elections in 2017. The agriculture sector expanded by 5.2%, compared to 1% in the same period last year. The finance ministry expects growth to rebound to 5.8% this year after 4.9% in 2017.

Indicative Forex rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 97.35 | 104.35 | 98.35 | 103.35 |
| GBP/KES | 128.45 | 136.45 | 128.95 | 135.95 |
| EUR/KES | 113.80 | 120.80 | 114.30 | 120.30 |
| AED/KES | 25.95 | 28.95 | 25.95 | 28.95 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 6.5895% | 6.5337% | 0.056 |
| 91-Day T-bill | 7.733% | 7.725% | 0.008 |
| 182-Day T-Bill | 9.607% | 9.666% | -0.059 |
| 364-Day T-Bill | 10.488% | 10.537% | -0.049 |
| 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 started the third quarter on a positive note on Monday, benefiting from mounting global trade tensions and political developments in Europe, as investors scooped up the greenback as a safe-haven bet. Tension is growing ahead of a July 6 deadline when Washington is due to impose \$34 billion of tariffs on Chinese exports, with two surveys of Chinese manufacturing out in the last few days showing a softening in activity, partly due to softness in exports.

The dollar index, which measures the dollar against six major global currencies, rose 0.3% to close at 94.90.

The euro fell 0.4% to close at \$1.1630 as rising concerns over an escalation in the trade dispute between the United States and its partners sapped demand. The single currency also received a setback after German Chancellor Angela Merkel was dealt a fresh blow when her interior minister offered to quit in an escalating row over migration policy.

The sterling pound also fell toward an eight-month low against the dollar on Monday after stronger-than-expected manufacturing sector data failed to temper investors' concerns about a Brexit cabinet meeting later in the week. The pound has slumped recently because of weakness in the economy, a resurgent U.S. dollar and fears that Prime Minister Theresa May will run out of time to agree a deal with the European Union for life after Britain leaves the bloc next year. The British currency was down 0.7% against the dollar to close at \$1.3130.

Elsewhere, global oil prices fell on Monday as supplies from Saudi Arabia and Russia rose while economic growth stumbled in Asia amid escalating trade disputes with the United States. Brent crude, the international benchmark for oil prices, fell \$0.70 from the previous session to settle at \$77.70 a barrel.

| 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 | 1.1580 | 1.1680 |
| GBP/USD | 1.3080 | 1.3180 |
| USD/AED | 3.6675 | 3.6785 |
| USD/JPY | 110.35 | 111.35 |

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