



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 3RD OCTOBER 2018

DOMESTIC NEWS

The Kenyan shilling held stable against the U.S. dollar on Tuesday as demand for the greenback from oil and manufacturing importers remained subdued. At close of trade, the local currency stood at 100.85/101.05, same as Monday's close.

Market traders said weakness in the local bourse could discourage portfolio investors from abroad, putting pressure on the shilling as the benchmark NSE-20 share index on the Nairobi bourse finished Monday's session at 2,883.98 points, down 10.40% from the previous month. However, we expect the shilling to remain relatively stable in the short term, getting support from the country's high forex reserves, currently at USD 8.436 billion, equivalent to 5.58 months of import cover in case of high volatility.

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.45	104.45	98.45	103.45
GBP/KES	127.20	135.20	127.70	134.70
EUR/KES	113.40	120.40	113.90	119.90
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	4.4794%	5.4136%	-0.934
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 stood near a one-month high against its peers on Tuesday as concerns of political wrangling over Italy's budget plan rattled market sentiment and weighed on the euro. The dollar index against a basket of six major currencies was steady at 95.40, it's highest since Sept. 4 as Italian concerns chilled investor risk sentiment in the broader markets and raised demand for the safe-haven U.S. currency.

The euro fell to a six-week low in early trading on Tuesday after a senior lawmaker in one of Italy's ruling parties said most of the country's problems would be resolved if it re-adopted a national currency. Italy's coalition has proposed a budget with a higher-than-expected deficit target, exacerbating tensions with other euro zone leaders who want Rome to bring its debt under control. The single currency dropped as low as \$1.1505, its weakest level since Aug. 21, before retracing to close at \$1.1575.

Meanwhile, the pound slid to a three-week low on Tuesday as a conflict over UK Prime Minister Theresa May's Brexit plan escalated, with deep divisions on show at the ruling Conservative Party's conference, where May is defending her so-called Chequers plan for leaving the EU. However, critics, including former foreign secretary Boris Johnson are openly defying her. The British currency was down 0.3% against a rallying dollar to close at \$1.2995, it's lowest since Sept. 10.

Elsewhere, oil prices dipped on Wednesday, weighed down by a report of rising U.S. crude inventories. Despite this, prices remain near four-year highs reached earlier this week ahead of U.S. sanctions against Iran's oil exports that kick in next month with Brent crude trading at \$84.73 per barrel, down 7 cents from their last close.

Indicative Profit Rates on Deposits		
Amounts > 10 Million	Amounts >100,000	
	KES	USD
Call	6.50%	2.00%
1 Month	7.50%	2.25%
3 Months	8.50%	2.75%
6 Months	9.50%	3.25%
1 year	9.75%	3.50%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1525	1.1625
GBP/USD	1.2945	1.3045
USD/AED	3.6675	3.6785
USD/JPY	113.15	114.15

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