



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 4TH JULY 2018

DOMESTIC NEWS

The Kenyan shilling held stable against the US dollar on Tuesday as hard currency inflows from offshore investors buying government debt matched low demand for the greenback from importers amid tight liquidity in the money market. The local unit traded at 100.75/95, same as Monday's close.

We expect the local currency to remain relatively stable against the dollar in the short-term supported by growth in agricultural inflows and strong forex reserves as demand for the greenback from oil and manufacturing importers remains low and as liquidity in the money market remains tight, with the over-night interbank still trading at above the 6% level.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.35	104.35	98.35	103.35
GBP/KES	129.10	137.10	129.60	136.60
EUR/KES	114.10	121.10	114.60	120.60
AED/KES	25.95	28.95	25.95	28.95

Money Market Rates	Current	Previous	Change
Interbank Rate	6.3241%	6.5895%	-0.265
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 fell on Tuesday in thin trading ahead of the U.S. Independence Day holiday on Wednesday, as investors consolidated recent gains and focused less on trade tensions, raising the market's risk appetite and prompting some flows into other global currencies.

The dollar index, that measures the greenback against six major currencies, was down 0.4% at 94.55. Investors are awaiting the release of the Federal Reserve's June meeting minutes on Thursday and Friday's U.S. jobs data for validation of policymakers' forecasts for two more rate hikes this year.

The euro, meanwhile, rose after Germany's coalition settled a row over migration that had threatened to topple Chancellor Angela Merkel's government. The single currency was last up 0.2% at \$1.1665.

The sterling pound also rose on Tuesday against the dollar as risk appetite rebounded and a survey showing decent growth in Britain's construction industry gave sterling some respite from recent gloom about the progress of Brexit talks. The British currency rose as 0.4% versus the dollar to close at \$1.3200, away from 2018 lows hit last week of \$1.3050. Sterling has struggled in recent weeks as worries about whether Britain can secure itself a deal with the European Union before it leaves the bloc next March weigh on the currency.

Elsewhere, global oil prices edged up on Tuesday following a report of tightening U.S. fuel inventories. Prices were also pushed up by looming U.S. sanctions against Iran, which threaten to cut supplies to an already tight market. Brent crude, the international benchmark for oil prices, traded at \$78.15 per barrel, up 0.4% from their last 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	1.1615	1.1715
GBP/USD	1.3150	1.3250
USD/AED	3.6675	3.6785
USD/JPY	109.95	110.95

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