



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 5TH JULY 2018

DOMESTIC NEWS

The Kenyan shilling appreciated further against the US dollar on Wednesday due to horticulture exports inflows and banks selling dollars amid tight liquidity in the local money markets as demand for the greenback from importers remained low. The local currency traded at 100.65/85, marginally stronger than Tuesday's close of 100.75/95. We expect the shilling to remain relatively stable in the short-term supported by strong inflows from the horticulture sector.

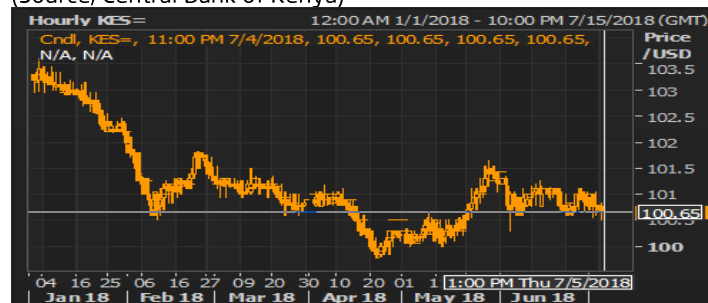
Meanwhile, Kenya's private sector activity grew at a slower pace in June, hit by slower expansion in output, with higher food and fuel prices posing a challenge to consumers. The Markit Stanbic Bank Kenya Purchasing Managers' Index (PMI) for manufacturing and services fell to 55.0 in June from 55.4 in May. A reading above 50 denotes growth. Economic activity has picked up this year after political unrest and drought cut growth last year to its lowest level in more than five years, and the Kenyan economy is forecast to expand by 5.8% this year from 4.9% in 2017.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.25	104.25	98.25	103.25
GBP/KES	129.25	137.25	129.75	136.75
EUR/KES	113.95	120.95	114.45	120.45
AED/KES	25.95	28.95	25.95	28.95

Money Market Rates	Current	Previous	Change
Interbank Rate	5.8438%	6.3241%	-0.480
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 marginally against major global currencies in thin trading on Wednesday as the U.S celebrated the Independence Day holiday. The dollar index, which measures the greenback against six major global currencies was down 0.15% to close at 94.39, its lowest level in over a week.

Investors are awaiting the publication on Thursday of minutes from the Federal Reserve's June meeting, and Friday's U.S. jobs data, for validation of policymakers' forecasts for two more rate hikes this year.

The euro fell on Wednesday as weaker confidence in the euro zone overshadowed better-than-expected data on business activity and as concerns about Washington's end-of-week deadline to impose tariffs on Chinese continued to linger. The euro fell 0.1% to close at \$1.1655 after data showed euro zone business growth accelerated in June, making the European Central Bank more likely to tighten policy. However, optimism among purchasing managers was at its lowest since late 2016 according to the Purchasing Managers Index survey.

Meanwhile, the sterling pound rose 0.5% to close at \$1.3225 on Wednesday after a survey showing Britain's dominant services industry gained momentum last month fueled expectations of a Bank of England interest rate rise this summer. That has brought some respite for sterling after weeks of losses caused by worries about whether Britain can secure a deal with the European Union before it leaves the bloc next March.

Elsewhere, global oil prices fell on Wednesday after U.S. President Donald Trump sent a strident tweet demanding that OPEC cut prices for crude. The escalating trade row between Washington and Beijing also cast a shadow over markets. Brent crude, the international benchmark for oil prices, was at \$77.65 per barrel, down 0.7% 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	1.1605	1.1705
GBP/USD	1.3175	1.3275
USD/AED	3.6675	3.6785
USD/JPY	109.85	110.85

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