



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 5TH OCTOBER 2018

DOMESTIC NEWS

The Kenyan shilling was steady against the greenback on Thursday as inflows from diaspora remittances offered support and weighed against thin importer demand. At close of trade, the local currency stood at 100.85/101.15, same as Wednesday's close. We expect the shilling to remain stable in the coming week as inflows from remittances and tourism sector meet thin importer and corporate dollar demand.

Meanwhile, the World Bank has cut its economic growth forecast for sub-Saharan Africa this year to 2.7% from an earlier forecast of 3.1%, mainly because of slower-than-expected growth in the continent's bigger economies. The region, which had posted a fairly fast average growth rate in the years leading up to 2015, suffered a loss of momentum in economic output after commodity prices crashed in 2015-16. High public debt in some countries in the region, combined with weakening currencies and rising interest rates, could endanger their ability to service those debts, the World Bank warned.

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.45	104.45	98.45	103.45
GBP/KES	127.30	135.30	127.80	134.80
EUR/KES	112.65	119.65	113.15	119.15
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	3.8517%	4.2237%	-0.372
91-Day T-bill	7.600%	7.609%	-0.009
182-Day T-Bill	8.590%	8.646%	-0.056
364-Day T-Bill	9.638%	9.670%	-0.032
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 weakened marginally against major global currencies on Thursday but stayed near recent highs as investors evaluated the impact of a global government bond rout that has lifted benchmark U.S. Treasury yields to seven-year peaks. Strong economic data and hawkish speeches by Federal Reserve officials, spooked investors on Wednesday and caused U.S. Treasury yields to breach key technical levels.

Investors are watching for signs of increasing U.S. inflation as companies, including Amazon, raise minimum wages. U.S. jobs data on Friday for September will give new indications of wage growth and labor market strength.

Meanwhile, the euro recovered from six-week lows against the dollar, after breaching technical support at below \$1.15 on Wednesday to close at \$1.1510. The single currency has been hurt by uncertainty surrounding Italy's debt, fiscal plans and future ties with Europe, which have unnerved markets and exacerbated tensions with other Eurozone leaders.

The sterling pound also rallied on Thursday as investors bet Britain and the European Union were moving closer to an agreed position on a deal for Brexit and a way to avoid extensive border checks in Ireland. After falling as low as \$1.2930 on Wednesday - it's weakest since Sept. 10 - the pound rallied to close at \$1.3010, up 0.6% on the day.

Elsewhere, oil prices fell on Thursday as the prospect of increased crude production from Saudi Arabia and Russia prompted profit-taking the day after prices hit four-year highs on a boost from imminent U.S. sanctions on OPEC's No. 3 producer Iran. Brent crude fell almost 2% to settle at \$84.58 a barrel.

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	1.1460	1.1560
GBP/USD	1.2960	1.3060
USD/AED	3.6675	3.6785
USD/JPY	113.40	114.40

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