



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 8<sup>TH</sup> AUGUST 2018

### DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Tuesday supported by inflows from offshore investors buying government debt amid thin importer demand. The local currency traded at 100.35/35, marginally stronger than Monday's close of 100.45/65. We expect the local unit to remain relatively stable in the short term, receiving support from horticulture and offshore investors' inflows amid tight liquidity conditions in the local money markets.

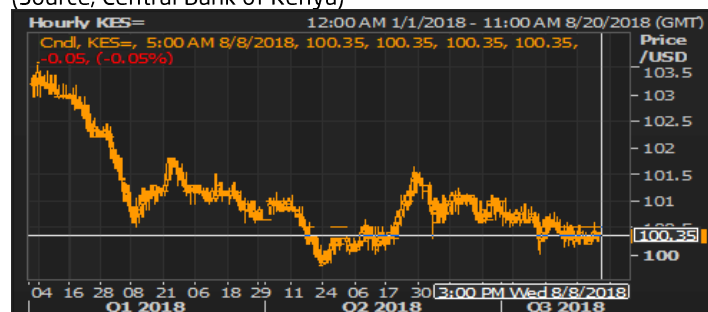
Meanwhile, a lack of liquidity in Kenya's money markets has sent the overnight interbank lending rate above the three-month Treasury bill yield and curbed demand for government securities at the weekly auctions. The overnight weighted average interest rate has remained above 8%, well above the 91-day Treasury bills yield, which stands at 7.611%. The problem has been caused by the government's delay to quickly disburse cash to local authorities and state agencies, at the start of the financial year in July and August.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.95	103.95	97.95	102.95
GBP/KES	126.15	134.15	126.65	133.65
EUR/KES	113.25	120.25	113.75	119.75
AED/KES	25.85	28.85	25.85	28.85

Money Market Rates	Current	Previous	Change
Interbank Rate	8.1427%	8.7321%	-0.589
91-Day T-bill	7.611%	7.608%	0.003
182-Day T-Bill	9.083%	9.111%	-0.028
364-Day T-Bill	10.008%	10.088%	-0.080
Inflation	4.35%	4.28%	0.070
CBR RATE	9.00%	9.50%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar fell against a basket of major global currencies on Tuesday as it's recent rally on concerns over escalating trade tensions showed signs of fading. The dollar was a touch lower even after the U.S. Trade Representative's office said late on Tuesday that the U.S. would begin collecting 25% tariffs on another \$16 billion in Chinese goods later this month.

The dollar index, which measures the greenback against six major currencies, was down about 0.3% on the day to close at 95.10. The main U.S. economic focus this week is Friday's consumer price inflation report for July.

The euro edged higher on Tuesday, bouncing from a near six-week low hit in the previous session as the dollar rally faded. The common currency rose 0.45% to close at 1.1625 after falling to \$1.1555 on Monday, it's lowest since June 28 after monthly German industrial orders missed forecasts.

Meanwhile, the pound held near an 11 month low of \$1.2955 on Tuesday as comments by officials about Brexit stoked fears among investors that Britain could soon crash out of the European Union without securing a trade agreement. Investors are growing edgy about the currency's outlook despite signs the economy is improving and the Bank of England raising of interest rates last week for only the second time in over a decade.

Elsewhere, global oil prices rose on Tuesday after U.S. sanctions on Iranian goods went into effect, intensifying concerns that sanctions on Iranian oil, expected in November, could cause supply shortages. Brent crude, the global benchmark for oil prices, rose 1.2% to settle at \$74.65 a barrel, after hitting a session high of \$74.90.

#### 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	1.1575
GBP/USD	1.2905	1.3005
USD/AED	3.6675	3.6785
USD/JPY	110.75	111.75

For more details, contact our Treasury staff- Peter and Michael on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.