



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 6TH OCTOBER 2018

DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the greenback on Friday, drawing support from diaspora remittances amid sagging demand for the dollar from oil merchandise importers. The local currency last stood at 100.75/95, marginally stronger than Thursday's close of 100.85/101.15. We expect the local unit to remain stable in coming days as inflows from remittances and tourism sector meet thin importer demand.

Meanwhile, the Kenyan money market recorded improved liquidity in the week ending October 5, pushing down the rate at which banks borrow from each other. The high liquidity was due to increased government payments that boosted circulation of cash in the economy. As a result, the average interbank rate declined steadily to 3.6759% from a high of 6% at the start of the week. Liquidity conditions had been tight at the beginning of the week because of tax remittances by banks.

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.35	104.35	98.35	103.35
GBP/KES	128.20	136.20	128.70	135.70
EUR/KES	112.60	119.60	113.10	119.10
AED/KES	25.95	28.95	25.95	28.95

Money Market Rates	Current	Previous	Change
Interbank Rate	3.6759%	3.8517%	-0.176
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 Friday after data for September showed jobs gains fell short of expectations while wages increases slowed on an annualized basis during the month, easing concerns about a large run-up in inflation. Nonfarm payrolls increased by 134,000 jobs last month, the fewest in a year, though data for July and August was revised to show 87,000 more jobs added than previously reported. Still, the data was seen as solid and supportive of the Federal Reserve continuing to tighten monetary policy.

The euro hovered at \$1.1515, having bounced only modestly from its recent six-week trough at \$1.1465. Italian politics remained a drag as the European Commission warned the country's budget deficit breached past commitments, leading Rome to insist it would not retreat from its spending plans.

Meanwhile, the sterling pound gained against the dollar after the European Union's Brexit negotiators said they believed a divorce deal with Britain was very close. The British currency rose to a five-day high versus the dollar to close at \$1.3115. EU sources said on Friday that negotiators saw the outline of a compromise on the Irish border issue, raising hopes that a new British offer could unlock a deal with less than 180 days before Britain leaves the trading bloc.

Elsewhere, oil prices fell more than 1% on Monday after Washington said it may grant waivers to sanctions against Iran's oil exports next month, and as Saudi Arabia was said to be replacing any potential shortfall from Iran. International benchmark Brent crude oil was at \$83.26 per barrel, down 90 cents, or 1.1%, from

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	1.1465	1.1565
GBP/USD	1.3065	1.3165
USD/AED	3.6675	3.6785
USD/JPY	113.30	114.30

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.