



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 9TH OCTOBER 2018

DOMESTIC NEWS

The Kenyan shilling was little changed against the greenback on Monday with inflows from horticulture exports matching light demand for dollars from merchant and oil importers. At close of trade, the local currency stood at 100.80/101.00, little changed from Friday's close of 100.75/100.95.

We expect the shilling to continue holding steady against the dollar in the short term getting support from the narrowing current account deficit, which narrowed by a third in the quarter to June compared to a similar period last year, a signal that the Kenyan currency was now less exposed to vagaries of global markets. The deficit - which mostly indicates the import-export gap - stood at Sh85.8 billion in June, down from Sh130.4 billion in the quarter to June 2017.

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.40	104.40	98.40	103.40
GBP/KES	128.20	136.20	128.70	135.70
EUR/KES	112.50	119.50	113.00	119.00
AED/KES	25.95	28.95	25.95	28.95

Money Market Rates	Current	Previous	Change
Interbank Rate	3.6861%	3.6759%	0.010
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 rose marginally against major global currencies on Monday, building on last week's gains as weakness in global markets and recent strong U.S. data boosted demand for the greenback. Against a basket of its rivals, the greenback rose 0.2% to 95.85, edging towards a 14-month high of 96.90 hit in mid-August.

The euro fell a quarter of a percent to close at \$1.1500, nearing a low of \$1.1485, its lowest since Aug, 20, 2018 as a fresh rise in Italian bond yields weighed on investors' minds. Italian politics remained a drag as Italian Deputy Prime Minister Matteo Salvini, speaking at a media conference with French far-right leader Marine Le Pen, denounced European Commission President Jean-Claude Juncker and Economics Commissioner Pierre Moscovici as enemies of Europe.

The British pound also fell 0.25% as the dollar rallied to close at \$1.3105, reversing some of its gains made last week, as markets focused on any substantial breakthrough in Brexit negotiations as Britain moves nearer to an exit deal with the European Union. EU Brexit negotiators believe a deal with Britain on leaving the bloc is very close, a sign that a compromise on a major sticking point - the future Irish border - might be in the making.

Meanwhile, global oil prices rose on Tuesday as more evidence emerged that crude exports from Iran, OPEC's third-largest producer, are declining in the run-up to the re-imposition of U.S. sanctions. Global benchmark Brent crude was up 0.3% to close at \$84.17 a barrel. On Monday, Brent fell to a low of \$82.66, but mostly recovered as investors bet China's economic stimulus would boost crude demand.

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	1.1450	1.1550
GBP/USD	1.3055	1.3155
USD/AED	3.6675	3.6785
USD/JPY	112.60	113.60

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.