



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH DECEMBER 2018

DOMESTIC NEWS

The Kenyan shilling firmed marginally against the greenback on Friday due to tightening liquidity in the money market as banks sold dollars to meet shilling reserve requirements. At close of trade, the local currency stood at 102.35/55, slightly stronger than Thursday's close of 102.50/70. We expect the shilling to remain relatively stable against the dollar in the short term, supported by tight local currency liquidity in the money market and improving inflows from diaspora remittances.

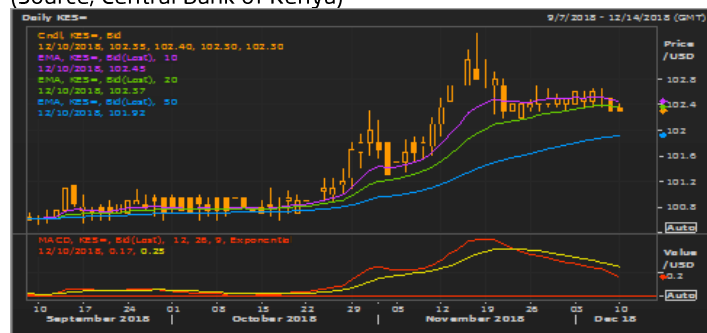
Meanwhile, Kenya's Finance Minister Henry Rotich said on Friday that he welcomed merger talks between NIC Bank and Commercial Bank of Africa as it would help strengthen the financial sector. The two Kenyan commercial lenders announced on Thursday that they would hold talks on a potential merger which would be the first major deal since the government capped commercial lending rates in 2016.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.95	105.95	99.95	104.95
GBP/KES	126.60	134.60	127.10	134.10
EUR/KES	113.60	120.60	114.10	120.10
AED/KES	26.40	29.40	26.40	29.40

Money Market Rates	Current	Previous	Change
Interbank Rate	8.2358%	7.6493%	0.587
91-Day T-bill	7.343%	7.342%	0.001
182-Day T-Bill	8.239%	8.242%	-0.003
364-Day T-Bill	9.573%	9.564%	0.009
Inflation	5.58%	5.53%	0.050
CBR RATE	9.00%	9.50%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar fell against most major currencies on Friday, after data showed U.S. employers hired fewer workers than forecast in November, raising worries that U.S. growth is moderating, and the Fed may stop raising rates sooner than previously thought. Nonfarm payrolls increased by 155,000 jobs last month, below economists' median forecast of 200,000 jobs while the unemployment rate was unchanged at near a 49-year low of 3.7%.

Fed policymakers are still widely expected to raise interest rates again at their Dec. 18-19 meeting, but the focus is on how many rate hikes will follow in 2019.

As the dollar wilted, the euro edged up 0.5% to close at \$1.1425, even as "yellow vest" anti-government protesters wreaked havoc in Paris during the weekend.

Meanwhile, the sterling pound fell on Friday and was headed for a fourth consecutive week of losses as British PM Theresa May pressed ahead with plans for a parliamentary vote on her Brexit deal. Sterling's near-term fate hangs on whether May can win a majority for her Brexit deal in a vote on Dec. 11 that will define Britain's departure from the E.U. scheduled for March. The pound was down 0.3% to settle at \$1.2740, near an 18-month low of \$1.2660 hit on Wednesday.

Elsewhere, Brent crude oil prices climbed on Monday after producer club OPEC and some non-affiliated suppliers agreed a supply cut of 1.2 million barrels per day (bpd) from January. Despite this, the outlook for next year remains muted on the back of an economic slowdown. International Brent crude oil was at \$61.96 per barrel, up 0.5% from their last close.

Indicative Profit Rates on Deposits

	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.50%	2.00%
1 Month	7.50%	2.50%
3 Months	8.50%	2.75%
6 Months	9.00%	3.50%
1 year	9.50%	3.75%

Indicative Cross Rates

	Bid	Offer
	Value /USD	Value /USD
EUR/USD	1.1375	1.1475
GBP/USD	1.2690	1.2790
USD/AED	3.6675	3.6785
USD/JPY	111.95	112.95

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.