



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 13<sup>TH</sup> NOVEMBER 2018

### DOMESTIC NEWS

The Kenyan shilling weakened further against the greenback on Monday, coming under pressure from increased dollar demand from oil and manufacturing importers that outweighed inflows from horticulture exports and diaspora remittances. At close of trade, the local currency stood at 102.40/60, marginally weaker than Friday's close of 102.10/30. We expect the local unit to remain under pressure in coming days due to high importer dollar demand amid low supply of dollar inflows. However, we expect the shilling to continue receiving support from CBK's Open Market Operations.

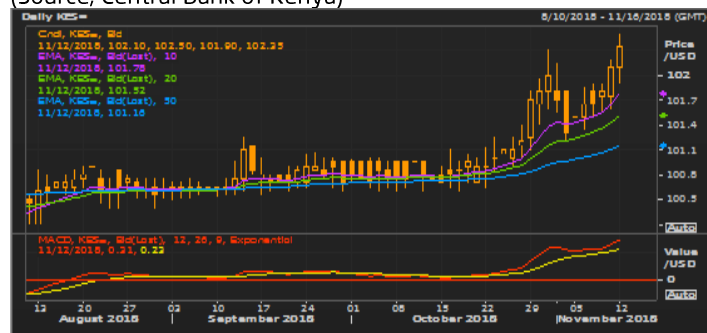
Meanwhile, the Central Bank of Kenya is inviting bids for a new 20-year amortized infrastructure bond -IFB1/2018/20 - worth 50 billion shillings (\$489 million), whose proceeds will be used to fund road, water and energy projects. The CBK said the tax-free bond will have a 11.95% coupon, adding that it would accept bids for the bond from Monday to Tuesday, and auction it on Wednesday.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.00	106.00	100.00	105.00
GBP/KES	128.00	136.00	128.50	135.50
EUR/KES	111.75	118.75	112.25	118.25
AED/KES	26.40	29.40	26.40	29.40

Money Market Rates	Current	Previous	Change
Interbank Rate	2.8372%	2.9866%	-0.149
91-Day T-bill	7.349%	7.387%	-0.038
182-Day T-Bill	8.302%	8.317%	-0.015
364-Day T-Bill	9.520%	9.519%	0.001
Inflation	5.53%	5.70%	-0.170
CBR RATE	9.00%	9.50%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The U.S. dollar rallied to a 16-month high on Monday as investors positioned for a Fed interest rate rise next month. The dollar fell last week on the belief that losses for U.S. President Donald Trump's Republican party in the midterm elections would make further fiscal stimulus measures unlikely. However, the greenback has mounted a significant rally since the Fed kept interest rates steady on Thursday and reaffirmed its monetary tightening stance. The currency remains underpinned by the robust U.S. economy.

The euro was knocked back by concerns about Rome's tussle with the European Commission over its 2019 budget and weakness in Italy's banking sector. The single currency slid 0.7% against the dollar to close at \$1.1245, its lowest since June 2017. The E.U, which has given Rome until Tuesday to present a revised version of the budget, also cut its forecasts for Italian growth.

Meanwhile, the British pound held near a 10-day low on Monday as the twin forces of a resurgent dollar and reduced expectations of a Brexit deal fueled a selloff. In volatile trading, sterling fell to a 1-1/2 week low of \$1.2875 as negative headlines over the last 48 hours punctured growing optimism last week that an agreement between Britain and the European Commission was imminent.

Elsewhere, oil prices fell on Monday, with Brent crude sliding below \$70 after U.S. President Donald Trump put pressure on OPEC not to cut supply to prop up the market. International benchmark Brent crude oil was last at \$69.40, down more than 1% from their last close. Brent has shed more than 20% in value since early October.

#### Indicative Profit Rates on Deposits

Amounts > 10 Million	Amounts >100,000	
	KES	USD
Call	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
EUR/USD	1.1195	1.1295
GBP/USD	1.2825	1.2925
USD/AED	3.6675	3.6785
USD/JPY	113.45	114.45

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