



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH NOVEMBER 2018

DOMESTIC NEWS

The Kenya shilling slide against the greenback continued in active trading on Thursday after taking a breather on Wednesday, to trade near a 10-month low under pressure from increased importer dollar demand from oil companies amid excess liquidity in the local money market. At close of trade, the local unit stood at 103.10/30, a level it last neared on January 18 when it traded at 103.15/25.

We expect the shilling, which has been under pressure since the IMF said it is overvalued by about 17.5%, to remain under pressure against the U.S. dollar in the coming week due to increased demand from importers bringing in goods ahead of the festive season amid excess liquidity in the market which makes it easier for banks to hold long dollar positions.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.70	106.70	100.70	105.70
GBP/KES	128.00	136.00	128.50	135.50
EUR/KES	113.50	120.50	114.00	120.00
AED/KES	26.60	29.60	26.60	29.60

Money Market Rates	Current	Previous	Change
Interbank Rate	3.6331%	3.0326%	0.601
91-Day T-bill	7.347%	7.349%	-0.002
182-Day T-Bill	8.320%	8.302%	0.018
364-Day T-Bill	9.512%	9.520%	-0.008
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 rose against a basket of currencies on Thursday as data showed a stronger-than-expected 0.8% increase in domestic retail sales in October, rebounding from a 0.1% dip the month before. The greenback also benefited from the deepening crisis for UK Prime Minister Theresa May after the resignation of key ministers from her government imperiled her Brexit plan.

The dollar index, a gauge of its value versus six major peers, was up 0.05% to close at 97.00, not far off a 16-month high of 97.60 hit at the start of the week. Markets were also keeping an eye on the U.S.-Sino trade tensions as traders looked for concrete signs the economic powers were seeking to de-escalate their dispute.

The euro held steady against the dollar at \$1.1335 after a report showed that Italian Prime Minister Giuseppe Conte was looking to work with the E.U. to avert massive fines over his government's 2019 budget supported Italian government bond markets and the euro.

Meanwhile, the British pound tumbled on Thursday after a series of resignations rocked British Prime Minister Theresa May's government and threw into doubt her long-awaited Brexit agreement just hours after it was unveiled. The pound slumped nearly 2% to close at \$ 1.2795 against the dollar, its biggest daily drop this year after Brexit minister Dominic Raab resigned to protest at the draft deal with the European Union. Three other ministers followed suit.

Elsewhere, oil prices rose in early trading on Friday amid expectations of supply cuts from OPEC, although record U.S. production dragged. Brent crude, the global benchmark for oil prices, was up 48 cents, or 0.7% at \$67.10 per barrel.

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	1.1285	1.1385
GBP/USD	1.2745	1.2845
USD/AED	3.6675	3.6785
USD/JPY	112.85	113.85

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.