DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH NOVEMBER 2018

DOMESTIC NEWS

The Kenyan shilling held relatively stable against the greenback on Friday, taking a breather after depreciating by 1.3% during the week due to increased dollar demand from importers making orders ahead of the December holidays. At close of trade, the local unit stood at 103.00/20, little changed from Thursday's close of 103.10/30.

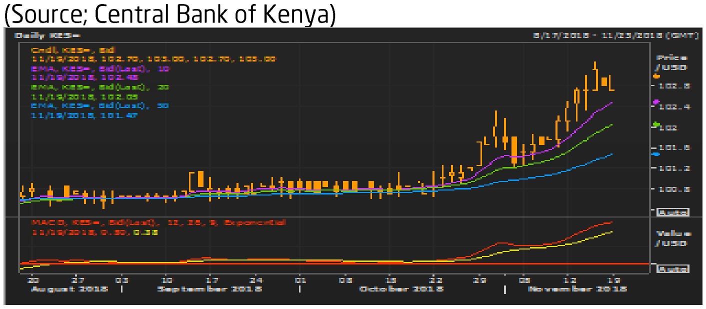
The shilling's slide over the week was mainly attributed to dollar inflows failing to meet dollar demand from oil importers, which has seen the oil import bill rise on the back of a rally in fuel prices. This coupled with the declined value of Kenya's principal exports, with the average price of tea having declined by 15.5% since January and the average price of horticulture declining by 19.7% has led to a deteriorating external position eating into the forex reserves and exerting pressure on the local currency. Kenya's forex reserves have fallen by 8.9% to USD 8.1 billion, equivalent to 5.3 months of import cover, from USD 8.9 billion since the start of the FY'2018/2019 in July.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.60	106.60	100.60	105.60
GBP/KES	128.25	136.25	128.75	135.75
EUR/KES	114.00	121.00	114.50	120.50
AED/KES	26.55	29.55	26.55	29.55

Money Market Rates	Current	Previous	Change
Interbank Rate	3.9947%	3.6331%	0.362
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 fell broadly against major global currencies on Friday after two Federal Reserve officials expressed caution over the global growth outlook, prompting traders to reassess the pace of future U.S. interest rate increases.

The greenback has enjoyed a strong run this year thanks to the Fed's steady policy tightening on the back of a robust economy and rising wage pressures. A fourth rate hike for this year is expected next month and policy makers had indicated two more by June 2019. But comments on Friday by Richard Clarida, the Fed's newly appointed vice chair put to the test market expectations for a steady pace of tightening.

The euro, which was bolstered by hopes that Italian Prime Minister Giuseppe Conte was looking to work with the EU over his government's 2019 budget was up 0.6% on the day to close at $1.1395

Meanwhile, the pound found some solace on Friday after a leading euro-sceptic minister pledged support for Britain's embattled premier Theresa May, who struck a defiant tone despite strong opposition to her Brexit deal. Sterling suffered its largest one-day drop in two years on Thursday after a wave of ministers opposed to May's Brexit deal with Brussels resigned. On the day, the British currency was up 0.6% to settle at $1.2825.

Elsewhere, global oil prices rose around 1% on Monday as traders expect top exporter Saudi Arabia to push producer club OPEC to cut supply towards year-end. Despite that, market sentiment remains weak on signs of a demand slowdown amid deep trade disputes between the U.S. and China. Global benchmark Brent crude was at $67.45 per barrel, up 0.8% from their last close.

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	1.1345	1.1445
GBP/USD	1.2775	1.2875
USD/AED	3.6675	3.6785
USD/JPY	112.25	113.25