



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH NOVEMBER 2018

DOMESTIC NEWS

U.S. dollar inflows from offshore investors buying into the recently issued Infrastructure bond helped the Kenya shilling strengthen against the greenback on Monday. At close of business, the local unit, which depreciated by almost 1.3% against the dollar last week, stood at 102.75/95, compared to 103.00/20 at the market open. The shilling also got support from hard cash sent home by Kenyans living abroad as demand for the dollar from importers slowed down.

We expect the local currency, which has eroded most of the gains made this year against the greenback as it reached near a 10-month low last week, to remain relatively stable in the short term, supported by improving diaspora remittances as we approach the December festive season.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.35	106.35	100.35	105.35
GBP/KES	128.25	136.25	128.75	135.75
EUR/KES	114.25	121.25	114.75	120.75
AED/KES	26.50	29.50	26.50	29.50

Money Market Rates	Current	Previous	Change
Interbank Rate	4.2152%	3.9947%	0.221
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 dropped to two-week lows on Monday, pressured by cautious comments about the U.S. economy from Federal Reserve officials suggesting the central bank may be nearing the end of its tightening cycle. Against a basket of six major currencies, the greenback fell 0.3% to settle at 96.25, its lowest since Nov. 8.

Fed Chairman Jerome Powell also cited slowing global growth as a headwind to the U.S. economy that had the market betting heavily that the rate-hike cycle is on its last legs. The Fed has raised interest rates three times this year and is expected to raise its target again in December, to a range of 2.25% to 2.5%.

The euro, meanwhile, rallied against the dollar despite concerns about negotiations between Brussels and Rome on Italy's budget plans. At close of trade, it changed hands at \$1.1445, up 0.3% on the day.

The sterling pound also rose against the dollar as British P.M. Theresa May sought to win support for her draft E.U. divorce deal which has come under attack from many in her ruling Conservative Party. After a week in which a slew of ministerial resignations rocked May's government, a confidence vote in her leadership has yet to materialize and she is clinging to power. The British currency rose 0.25% versus a weaker dollar to close at \$1.2855.

Elsewhere, global oil prices rose marginally in choppy trade on Monday, supported by a reported drawdown of U.S. oil inventories, potential European Union sanctions on Iran and possible OPEC production cuts. Brent crude was up 3 cents to settle at \$66.55 a barrel, strengthening late in the session after earlier hitting a low of \$65.27 a barrel.

Indicative Profit Rates on Deposits

	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	1.1395	1.1495
GBP/USD	1.2805	1.2905
USD/AED	3.6675	3.6785
USD/JPY	112.05	113.05

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.