



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST DECEMBER 2018

DOMESTIC NEWS

Boosted by flat dollar demand from importers, improved diaspora remittances and NGO inflows ahead of the Christmas holiday, the Kenya shilling extended gains against the greenback on Thursday as banks sold dollars to meet shilling reserve requirements. At close of trade, the local currency stood at 101.30/50, significantly stronger than Wednesday's close of 101.80/102.00.

We expect the shilling to maintain the bullish run in the short term due to increased dollar inflows from remittances and horticultural exports amid subdued dollar demand from importers ahead of the holiday season. Elsewhere, interbank overnight rates dipped further to close at 6.9925% from 7.2114% posted the previous day.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.90	104.90	98.90	103.90
GBP/KES	124.30	132.30	124.80	131.79
EUR/KES	112.55	119.55	113.05	119.05
AED/KES	26.10	29.10	26.10	29.10

Money Market Rates	Current	Previous	Change
Interbank Rate	6.9925%	7.2114%	-0.219
91-Day T-bill	7.341%	7.348%	-0.007
182-Day T-Bill	8.257%	8.240%	0.017
364-Day T-Bill	9.735%	9.591%	0.144
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 to a one-month low against major global currencies on Thursday, after the Federal Reserve signaled fewer interest rate hikes over the next two years and expressed caution about the U.S. economic outlook, lessening the appeal of dollar-denominated assets. Aside from lowering interest rate forecasts, the Fed also reduced growth and inflation expectations next year.

The dollar index slid 0.8% against its six rivals to close at 96.45, its lowest in a month. The index posted its largest daily percentage drop in six weeks. Diminishing repatriation flows have also dampened the dollar's outlook. They peaked at nearly \$300 billion in the first quarter of 2018 but shrank more than two-thirds to \$93 billion in the September quarter, according to latest U.S. data.

The euro rose 0.7% to close at \$1.1445, building on gains made on Wednesday on news that Italy had struck a deal with the European Commission over its contested 2019 budget and some solid trade data this week.

Meanwhile, the sterling pound slipped to close at \$1.2650 on Thursday after the Bank of England kept interest rates on hold and warned about the risks of a no-deal Brexit, with the British currency initially trading higher thanks to better-than-expected retail sales and a weaker dollar. As expected, its nine rate-setters voted unanimously to keep rates at 0.75%.

Elsewhere, oil prices fell about 5% on Thursday, hitting their lowest level in more than a year on worries about oversupply and the outlook for energy demand as a U.S. interest rate rise knocked stock markets. Brent crude futures fell \$2.89, or 5.05%, to settle at \$54.65 a barrel.

Indicative Profit Rates on Deposits

	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
EUR/USD	1.1395	1.1495
GBP/USD	1.2600	1.2700
USD/AED	3.6675	3.6785
USD/JPY	110.85	111.90

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.