



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD NOVEMBER 2018

DOMESTIC NEWS

The Kenyan shilling held steady against the greenback on Thursday as dollar inflows from remittances and other exports evenly matched rising demand from merchandise importers ahead of the holiday season. At close of trade, the local unit traded at 102.40/60, little changed from Wednesday's close of 102.30/50. The shilling also got support from tightening liquidity in the money market, which normally drives up the cost of holding dollars, with the overnight inter-bank rate rising to a high of 5.13% compared to 4.5% seen on Wednesday.

We expect the local currency to hold relatively steady in the coming week as inflows from portfolio investors buying government debt and diaspora remittances match increasing demand from merchandise importers ahead of the December festive season.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.00	106.00	100.00	105.00
GBP/KES	128.05	136.04	128.55	135.55
EUR/KES	113.50	120.50	114.00	120.00
AED/KES	26.40	29.40	26.40	29.40

Money Market Rates	Current	Previous	Change
Interbank Rate	5.1269%	4.5354%	0.592
91-Day T-bill	7.342%	7.347%	-0.005
182-Day T-Bill	8.245%	8.320%	-0.075
364-Day T-Bill	9.570%	9.512%	0.058
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 edged lower for a second consecutive day on Thursday as greater risk appetite encouraged investors to sell the greenback after a recent rally.

The latest bout of dollar weakness comes as investors start to question how many times the Fed can raise interest rates in 2019 without risking a slowdown in the U.S. economy. According to a Reuters poll this week, the median analyst forecast is for three more increases next year, taking the federal funds rate to 3% to 3.25% by the end of 2019.

The euro rallied on Thursday after Britain and the E.U. agreed in principle to a text setting out their future relationship. The single currency rose as much as 0.4% on the news, hitting a day's high of \$1.1435 before trimming gains to settle at \$1.1415.

Meanwhile, the pound rose to a one-week high after Britain and the E.U. agreed on a draft text setting out their post-Brexit ties. Britain is due to leave the E.U. on March 29, 2019 and diplomats are trying to ensure that both a legally-binding text governing Britain's withdrawal and the separate declaration of intent on future relations will be ready for EU leaders to rubber-stamp at a summit on Sunday. On the day, the pound was up 0.8% at \$1.2880, its highest since last week.

Elsewhere, global oil prices slumped to 2018 lows on Friday, pulled down by concerns of an emerging global supply overhang. Even an expectation that OPEC will start withholding supply in 2019 to rein in any glut provided little support with Brent crude hitting its lowest level since December 2017 at \$62.10 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	1.1365	1.1465
GBP/USD	1.2830	1.2930
USD/AED	3.6675	3.6785
USD/JPY	112.40	113.40

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.