



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 24TH DECEMBER 2018

DOMESTIC NEWS

The Kenya shilling weakened against the greenback on Friday as end of year dollar demand from oil and merchandise importers outweighed improved inflows from remittances ahead of the Christmas holiday. At close of trade the local currency traded at 101.75/95 compared to Thursday's close of 101.30/50. The local unit was also under pressure from improving liquidity in the local money market that saw the overnight interbank lending rate fall to 6.6311% from a high of over 10% a week ago.

We expect the local currency, which has appreciated by 1.4% against the US dollar on a year-to-date (YTD) basis to remain under pressure from end month demand and trade in the 101.50/102.50 range in the short term.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.35	105.35	99.35	104.35
GBP/KES	125.10	133.10	125.60	132.60
EUR/KES	112.50	119.50	113.00	119.00
AED/KES	26.25	29.25	26.25	29.25

Money Market Rates	Current	Previous	Change
Interbank Rate	6.6311%	6.9925%	-0.361
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 rose on Friday, reversing most of its losses after the Fed flagged fewer interest rate hikes earlier last week, as investors sought the currency's safety amid persistent equity market volatility and a possible U.S. government shutdown. U.S. President Donald Trump conceded on Friday there was a good chance the Senate would not approve his demand for \$5 billion toward funding his border wall project and a government shutdown would probably begin at midnight.

The news undermined Wall Street shares, with the S&P 500, already on pace for its worst December since the Great Depression, hitting its lowest since August 2017.

Meanwhile, the euro reversed its earlier gains and weakened marginally against the dollar to close at \$1.1390 on Friday after traders failed to push the single currency above a key market level and large derivative bets also pulled the dollar higher.

The British pound was on course for its best week on Friday after recent heavy falls, although trading was quiet in the run-up to the holiday period and a parliamentary vote in January on the prime minister's Brexit deal. Sterling strengthened for most of last week, largely on the back of broad dollar weakness but also on signs that the British economy is holding up relatively well ahead of Brexit. On the day, the pound gained 0.2% to settle at \$1.2675.

Elsewhere, oil prices fell on Friday to their lowest since the third quarter of 2017, heading for losses of more than 11% in the week, as global oversupply kept buyers away from the market ahead of holidays over the next two weeks. On the day, Brent crude fell nearly 1%, to settle at \$54.35 a barrel, after falling during the session to \$52.79 a barrel, the weakest since September 2017.

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	1.1350	1.1450
GBP/USD	1.2625	1.2725
USD/AED	3.6675	3.6785
USD/JPY	110.60	111.60

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