



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH NOVEMBER 2018

DOMESTIC NEWS

The Kenyan shilling weakened marginally against the greenback on Tuesday due to increased demand from oil and merchandise importers buying dollars to meet end month obligations ahead of the holiday season. At close of trade, the local currency stood at 102.65/85, slightly weaker than Monday's close of 102.40/60. We expect the shilling to remain under some pressure in the short term due to end month importer dollar demand and tightening liquidity in the money market.

Meanwhile, as was widely expected, the Monetary Policy Committee (MPC) held its benchmark lending rate at 9%, noting that inflation remained well anchored within the target range of 2.5% to 7.5%, and that the economy was operating close to its potential as the first-half 2018 GDP growth averaged 6% compared with 4.7% in the same period last year. The MPC concluded that the current policy stance remains appropriate and it will continue to monitor any perverse response to its previous decisions.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.25	106.25	100.25	105.25
GBP/KES	126.95	134.95	127.45	134.45
EUR/KES	112.55	119.55	113.05	119.05
AED/KES	26.45	29.45	26.45	29.45

Money Market Rates	Current	Previous	Change
Interbank Rate	5.7225%	5.6471%	0.075
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 rose to hit two-week highs on Tuesday after Fed Vice Chair Richard Clarida backed further interest rate hikes, taking a less dovish stance than some investors had anticipated. A speech by Fed Chairman Jerome Powell on Wednesday and minutes from the Fed's Nov. 7-8 meeting on Thursday will be evaluated for further indications of how many more times the Fed is likely to hike interest rates.

The greenback was also bolstered by concerns about trade tensions with China. Trump and Chinese President Xi Jinping are scheduled to meet and discuss contentious trade matters at the G20 summit to be held in Buenos Aires on Nov. 30 and Dec. 1.

The euro changed hands at \$1.1295, losing 0.4% from the previous session. The single currency has lost 1.5% of its value in recent sessions due to signs of weakening eurozone economic momentum.

The sterling pound, meanwhile, slumped on Tuesday as doubts grew about whether British PM Theresa May can get a Brexit agreement through a divided parliament. May's attempts to win over critics in her Conservative and opposition parties to get her deal approved are seen by investors as increasingly fraught. On the day, the British currency fell more than 0.5% to close \$1.2740, its lowest level in nearly two weeks.

Elsewhere, oil prices rose on Tuesday ahead of an OPEC meeting next week at which the producer club is expected to decide some form of supply cut to counter an emerging glut. Brent crude was up 0.6% to settle at \$60.85 per barrel. Despite the rise, oil prices have still lost almost a third of their value since early October, weighed down by an emerging supply overhang.

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	1.1245	1.1345
GBP/USD	1.2690	1.2790
USD/AED	3.6675	3.6785
USD/JPY	113.35	114.35

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