



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 31<sup>ST</sup> DECEMBER 2018

### DOMESTIC NEWS

The Kenya shilling held stable against the greenback on Friday, getting support from increased diaspora remittances during the Christmas season amid subdued demand for the greenback from importers. At close of trade, the local unit traded at 101.75/95, little changed from the opening level of 101.70/90.

We expect the shilling, which has appreciated against the dollar by 1.3% year to date, to remain relatively stable against the dollar and trade in the 101.50/102.50 range in the short term, supported by improved diaspora remittances and the country's high levels of forex reserves, currently at USD 8.0 billion, equivalent to 5.24 months of import cover.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.35	105.35	99.35	104.35
GBP/KES	125.20	133.20	125.70	132.70
EUR/KES	112.85	119.85	113.35	119.35
AED/KES	26.25	29.25	26.25	29.25

Money Market Rates	Current	Previous	Change
Interbank Rate	6.4612%	7.050%	-0.589
91-Day T-bill	7.342%	7.341%	0.001
182-Day T-Bill	9.002%	8.257%	0.745
364-Day T-Bill	9.952%	9.735%	0.217
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 traded narrowly against its peers on Friday, as risk sentiment remained fragile over heightened concerns of slowing global growth and a partial U.S. government shutdown. Markets will be closely watching the progress of trade talks between Washington and Beijing in the new year.

The U.S. currency has been hurt in recent weeks by rising expectations that the Fed will pause its tightening cycle sooner than expected. However, despite the recent pressure on the greenback, the dollar index has gained 4.6% this year thanks to a robust American economy, falling unemployment and rising wage pressures.

The euro quoted at \$1.1430, trading flat versus the dollar. Although the single currency has gained versus the greenback in recent weeks, economic growth and inflation in Europe remain much weaker than the European Central Bank's expectations. The euro is set to lose around 4.5% versus the dollar in 2018.

Elsewhere, sterling, which has been battered this year due to Brexit woes, was fetching \$1.2685. The pound has lost 6% of its value versus the dollar this year. With three months left until the United Kingdom is due to leave the European Union on March 29, British Prime Minister Theresa May's Brexit deal is floundering.

Elsewhere, oil prices climbed on the last trading day of the year on Monday but were on track for the first yearly decline in three years amid lingering concerns of a persistent supply glut. Brent crude rose 1.1% settle to \$53.80 a barrel. Brent has declined nearly 20% in 2018 following two years of growth.

#### 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	1.1380	1.1480
GBP/USD	1.2635	1.2735
USD/AED	3.6675	3.6785
USD/JPY	109.90	110.90

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.