



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

## TREASURY MARKET UPDATE 3<sup>RD</sup> DECEMBER 2018

### DOMESTIC NEWS

The Kenya shilling was stable against dollar on Friday, to close the month at 102.45/65 after depreciating from 101.80 at the beginning of the month driven mainly by increased dollar demand from oil and merchandise importers making end of year purchases ahead of the December holidays. We expect the local currency, which has appreciated by 0.7% on a year-to-date (YTD) basis to remain relatively stable against the dollar in the short term, supported by improving inflows from the country's main exports and diaspora remittances.

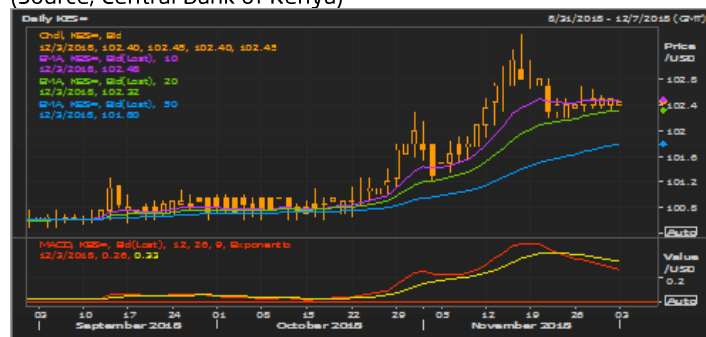
Meanwhile, Kenya's year-on-year inflation rose marginally to 5.58% in November from 5.53% a month earlier. The rise was attributed to a rise in transport costs because of increased pump prices. Month-on-month inflation, however, declined by 0.2% attributed to a decline in the food and non-alcoholic beverages index coupled with a 1.2% decline in the housing, water, electricity and gas.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.05	106.05	100.05	105.05
GBP/KES	127.00	135.00	127.50	134.50
EUR/KES	112.90	119.90	113.40	119.40
AED/KES	26.45	29.45	26.45	29.45

Money Market Rates	Current	Previous	Change
Interbank Rate	6.7709%	6.2334%	0.538
91-Day T-bill	7.342%	7.342%	0.000
182-Day T-Bill	8.242%	8.245%	-0.003
364-Day T-Bill	9.564%	9.570%	-0.006
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 weakened across the board in early trading on Monday as investor demand for riskier assets rose after China and the U.S. agreed to a ceasefire in their trade war that has shaken global markets.

The White House said on Saturday that President Donald Trump told China's President Xi Jinping at the G20 talks in Argentina that he would not raise tariffs on \$200 billion of Chinese goods to 25% on Jan. 1 as previously announced. China and United States will attempt to bridge their differences via new talks aimed at reaching a deal within 90 days.

The euro fell 0.25% against the greenback to settle at \$1.1370.

Meanwhile, the sterling pound fell on Friday and was headed for a third consecutive week of losses as caution grew among investors about the British parliament's vote on Brexit next month. Prime Minister Theresa May said she was focused on persuading lawmakers to back her divorce deal with the European Union in a Dec. 11 vote, rather than preparing a plan B. On the day, the British currency was down 0.3% at \$1.2770 against the dollar.

Elsewhere, global oil prices surged in early trading on Monday after the U.S and China agreed a truce in their trade conflict. International Brent crude oil was up 2.6% to settle at \$61.81 a barrel. Focus now turns to a meeting by the Organization of the Petroleum Exporting Countries (OPEC) on Dec. 6. At the meeting, the producer group, as well as non-OPEC member Russia, is expected to announce supply cuts aimed at reining in a production overhang that has pulled down crude prices by around a third since October.

#### 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	1.1320	1.1420
GBP/USD	1.2730	1.2830
USD/AED	3.6675	3.6785
USD/JPY	113.00	114.00

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