



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 4TH DECEMBER 2018

DOMESTIC NEWS

The Kenyan shilling weakened marginally against the greenback on Monday, coming under pressure as increased dollar demand from oil and merchant importers buying dollars ahead of the holiday season exceeded inflows from exports and diaspora remittances. At close of trade, the local currency stood at 102.60/80, slightly weaker than Friday's close of 102.45/65.

We expect the local currency to remain under pressure in the short term due to increased end of year importer dollar demand. However, we see the shilling stabilizing at the currency levels in the medium term, getting support from health inflows from exports and remittances as demand subsides as we approach the Christmas holiday.

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	7.0222%	6.7709%	0.251
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 marginally against its major peers on Monday, as currencies battered by trade tensions between the U.S. and China staged a comeback after leaders from the two countries declared a truce a 90-day trade truce on tariffs at the G20 summit in Argentina over the weekend.

Analysts now expect market focus to swing away from trade issues to the U.S. Federal Reserve's monetary policy. For most of 2018, the dollar had been supported by a robust U.S. economy and a relatively hawkish Fed, which is widely expected to raise interest rates later this month. Markets have priced in an 87% probability of a rate hike at the Fed's Dec. 18-19 meeting.

The euro capitalized on the dollar weakness, adding more than half a percent to settle at \$1.1375 on the day and taking the euro further away from its 2018 low hit last month of \$1.1215.

Meanwhile, the sterling pound fell further on Monday as growing concerns about British parliamentary approval for a proposed Brexit deal prompted investors to sell the currency. The British pound was down 0.25% to settle at 1.2745 as British PM Theresa May said she would still be in her job in two weeks' time, playing down speculation that she might resign if the Brexit deal is not approved by parliament in a vote scheduled for Dec. 11.

Elsewhere, oil prices rose on Tuesday, extending strong gains from the previous day amid expected OPEC-led supply cuts and a mandated reduction in Canadian output. The 90-day truce in the trade dispute between the United States and China was also still supporting markets. International Brent crude oil was up 0.7% to settle at \$62.35 per barrel.

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	1.1325	1.1425
GBP/USD	1.2695	1.2795
USD/AED	3.6675	3.6785
USD/JPY	112.60	113.60

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