



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 5TH DECEMBER 2018

DOMESTIC NEWS

The Kenyan shilling was broadly stable against the U.S. dollar on Tuesday, as hard currency inflows from diaspora remittances and offshore investors buying government debt met demand from oil and merchandise importers. At close of trade, the local currency stood at 102.50/70, little changed from Monday's close of 102.60/80. We expect the local unit to remain relatively stable in the short term, getting support from improving diaspora remittances ahead of the festive season.

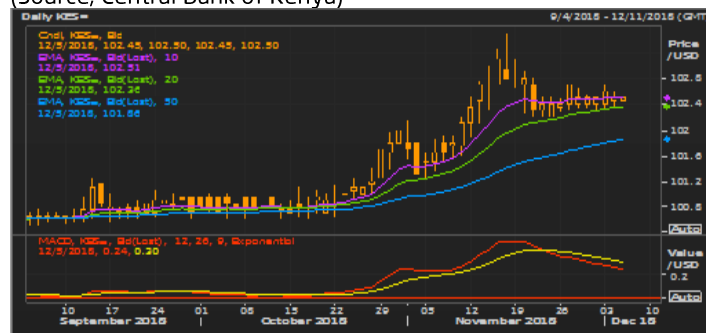
Meanwhile, Kenya is in talks with lenders to roll over a \$760 million syndicated loan this fiscal year and lengthen its maturity to make debt repayments more manageable, the principal secretary at the ministry of finance said on Tuesday. Earlier, the PS said in a presentation that the 2019-20 (July-June) budget deficit was expected to fall to 4.7% of the gross domestic product from a revised 5.8% this fiscal year.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.10	106.10	100.10	105.10
GBP/KES	126.20	134.20	126.70	133.70
EUR/KES	112.65	119.65	113.15	119.15
AED/KES	26.45	29.45	26.45	29.45

Money Market Rates	Current	Previous	Change
Interbank Rate	7.1676%	7.0222%	0.145
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 fell against its major peers on Tuesday, as U.S. Treasury yields slipped, feeding fears that the Fed could pause in its rate-hike cycle, while an inversion in part of the yield curve was taken as a red flag for a potential recession.

The curve between U.S. 3-year and 5-year Treasury notes and between 2-year and 5-year notes inverted on Monday - the first parts of the Treasury yield curve to invert since the financial crisis - excluding very short-dated debt. While interest rate hikes have sent short-dated yields higher, tepid inflation and slowing economic growth expectations have kept longer-dated yields pinned down.

The euro rallied above \$1.14 as a fall in U.S. Treasury yields encouraged selling of the greenback. However, the common currency lost most of the gains to settle at \$1.1325 as the E.U.'s dispute with Italy over its proposed budget continued to linger.

Meanwhile, the sterling pound briefly hit 17-month lows before recovering to settle at \$1.2695, after a parliament vote gave UK lawmakers more power over the next Brexit steps if PM Theresa May's European Union withdrawal deal is voted down. The currency earlier tumbled as May's government was found to be in contempt of parliament for refusing to release its full legal advice on Brexit, but it then rebounded after the second vote.

Oil prices fell in early trading on Wednesday, pulled down by swelling U.S. inventories and a plunge in global stock markets as China's government warned of increasing economic headwinds. International benchmark Brent crude, was at \$60.97 per barrel, down 2%, from their last close.

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	1.1275	1.1375
GBP/USD	1.2645	1.2745
USD/AED	3.6675	3.6785
USD/JPY	112.50	113.50

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.