



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 6TH DECEMBER 2018

DOMESTIC NEWS

Surging dollar inflows from Kenyans living abroad and improving horticulture exports helped the Kenya shilling hold relatively stable against the greenback on Wednesday, meeting increased dollar demand from merchandise importers ahead of the festive season. At close of trade, the local currency traded at 102.55/75, little changed from Tuesday's close of 102.50/70. We expect the shilling to remain relatively stable in the short term as diaspora remittances and exports' inflows match increased importer dollar demand.

Meanwhile, Kenya's private sector expanded at a slower pace in November compared with the previous month. The Markit Stanbic Bank Kenya Purchasing Managers' Index (PMI) for manufacturing and services fell to 53.1 in November from 54.0 in October. A reading above 50 marks growth. Operating conditions for firms improved in the month with respondents citing lower cost pressures as energy and food costs fell. But growth in output and new orders fell slightly below October's levels.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.15	106.15	100.15	105.15
GBP/KES	126.65	134.65	127.15	134.15
EUR/KES	113.00	120.00	113.50	119.50
AED/KES	26.45	29.45	26.45	29.45

Money Market Rates	Current	Previous	Change
Interbank Rate	7.3977%	7.1676%	0.230
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 further against its peers on Wednesday, as growing investor aversion to riskier assets hit equities and pushed down U.S. Treasury yields. Global equity markets have been shaken and the dollar fell this week after an inversion in a part of the U.S. Treasury yield curve triggered market concerns about economic growth.

The spread between the 2-year and 5-year Treasury yields inverted this week and the 2-year/10-year spread was at its flattest in more than a decade amid a sharp fall in long-term rates. A flatter curve is seen as an indicator of a slowing economy, with lower longer-dated yields suggesting a potential recession down the road.

The euro was little changed at \$1.1345, after retreating from this week's high of \$1.1420 scaled on Tuesday.

Meanwhile, the sterling pound stemmed early losses to settle at \$1.2725 on a more positive outlook over Brexit, overcoming data showing a shock slide in Britain's services sector and suggesting the economy would barely grow in the last quarter of 2018. The pound traded well off the 17-month lows it hit on Tuesday, lifted by suggestions in some quarters that Britain may opt not to leave the E.U. after all, although a looming vote on Brexit in parliament kept the gains in check.

Elsewhere, oil prices fell along with weak stock markets, but trading was tepid ahead of a meeting by producer group OPEC that is expected to result in a supply cut aimed at draining a glut that has pulled down crude prices by 30% since October. International Brent crude oil was down 0.1% at \$60.49 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	1.1295	1.1395
GBP/USD	1.2675	1.2775
USD/AED	3.6675	3.6785
USD/JPY	112.15	113.15

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.