



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

## TREASURY MARKET UPDATE 7<sup>TH</sup> DECEMBER 2018

### DOMESTIC NEWS

The Kenyan shilling was stable against the U.S. dollar on Thursday, supported by healthy inflows from diaspora remittances as tight liquidity in the local money market increased demand for the shilling. At close of trade, the local currency traded at 102.50/70, little changed from Wednesday's close of 102.55/75. The overnight inter-bank lending rate traded at 7.6493% on the day, compared to a low of 2.8372% hit last month, indicating tight liquidity in the market.

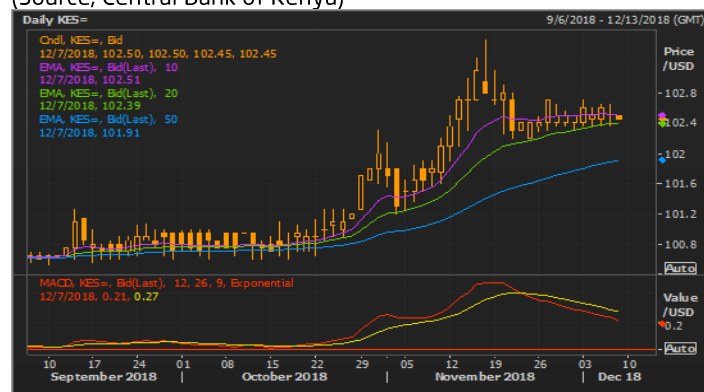
We expect the local currency to remain relatively stable in the coming week, supported by tight local currency liquidity in the money market and healthy inflows from diaspora remittances and other exports as demand for the greenback from merchandise importers subsides ahead of the Christmas holiday.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.10	106.10	100.10	105.10
GBP/KES	127.05	135.05	127.55	134.55
EUR/KES	113.20	120.20	113.70	119.70
AED/KES	26.45	29.45	26.45	29.45

Money Market Rates	Current	Previous	Change
Interbank Rate	7.6493%	7.3977%	0.252
91-Day T-bill	7.343%	7.342%	0.001
182-Day T-Bill	8.239%	8.242%	-0.003
364-Day T-Bill	9.573%	9.564%	0.009
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 weakened against its major peers on Thursday as U.S. Treasury yields tumbled, and traders scaled back expectations on the number of rate hikes the Fed would implement amid weakening economic data and heightened market volatility. The benchmark 10-year Treasury yield hit a three-month trough of 2.845%.

The greenback has been under pressure this week as an inversion in part of the U.S. yield curve raised a red flag for a potential recession. However, Fed policymakers are still widely expected to raise interest rates again at their Dec. 18-19 meeting, but the market focus is on how many rate hikes will follow in 2019.

The euro was 0.35% higher against the weakening U.S. dollar to settle at \$1.1375 on the day.

Meanwhile, the sterling pound extended gains to settle at \$1.2770 on Thursday, thanks to a broadly weak dollar though concerns on how the British parliament votes on PM Theresa May's Brexit deal next week prompted investors to remain broadly sidelined. The British currency hit a 1-1/2 year low earlier this week as May battles to get the Brexit deal she negotiated with the E.U. through parliament in a vote scheduled for Tuesday.

Elsewhere, oil prices fell nearly 3% in choppy trading on Thursday after OPEC and its allies ended their meeting in Vienna without announcing a decision to cut crude output. OPEC tentatively agreed to cut oil output but was waiting for a commitment from non-OPEC heavyweight Russia before deciding volumes. Brent crude fell 2.7% to hit a session low of \$59.60 a 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	1.2720	1.2820
USD/AED	3.6675	3.6785
USD/JPY	112.35	113.35

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.