TREASURY MARKET UPDATE 8TH NOVEMBER 2018

DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

DOMESTIC NEWS

The Kenyan shilling held stable against the greenback in active trading on Wednesday, supported by inflows from diaspora remittances and foreign investors buying government debt amid thin dollar demand from oil and merchant importers. The local currency had risen to an intra-day high of 101.80/102.00 in early trading but stabilized to close at 101.65/101.85 after the Central Bank mopped KES 10 billion in excess liquidity from the money market.

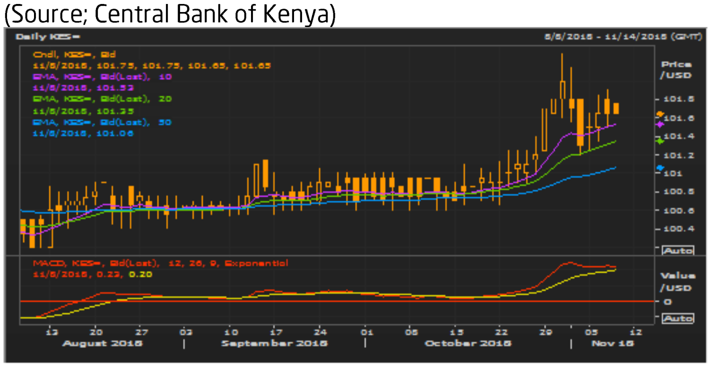
We expect the local unit to remain relatively stable against the dollar and trade in the 101.50/102.00 range in the short term, supported by healthy inflows from remittances as dollar demand from importers remains muted. However, we may see the shilling come under some pressure due to high liquidity in the market, but we expect CBK to continue offering support by mopping excess liquidity from the market.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.25	105.25	99.25	104.25
GBP/KES	129.60	137.60	130.10	137.10
EUR/KES	112.75	119.75	113.25	119.25
AED/KES	26.20	29.20	26.20	29.20

Money Market Rates	Current	Previous	Change
Interbank Rate	3.0350%	2.8922%	0.143
91-Day T-bill	7.387%	7.494%	-0.107
182-Day T-Bill	8.317%	8.386%	-0.069
364-Day T-Bill	9.519%	9.524%	-0.005
Inflation	5.53%	5.07%	-0.170
CBR RATE	9.00%	9.50%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar cut its losses on Wednesday as investors further digested the results of the U.S. midterm congressional elections. The elections delivered the most expected outcome; split control of the U.S. Congress, with Democrats winning control of the House of Representatives and Republicans cementing their majority in the Senate. Market watchers believe the divided Congress will make further tax cuts and deregulation unlikely for now.

Focus will now turn to the U.S. central bank's Federal Open Market Committee (FOMC), which is expected to hold rates steady and to release its policy decision on Thursday. The Fed is widely expected to raise interest rates in December, the fourth rate hike this year, as U.S. economic fundamentals remain strong.

The euro was down 0.4% to close at $1.1420 against the recovering dollar after rising almost 1% above this year's trough of $1.1300 on Tuesday. The standoff between the EU and Rome over Italy's budget deficit and concerns over Europe's slowing economic growth have dragged the euro which has fallen 4% versus the dollar over the last six months.

Meanwhile, the sterling pound held relatively stable against the rising greenback, buoyed by reports suggesting Britain is preparing for a Brexit agreement by the end of November. The British currency was last at $1.3130, same as Tuesday's close.

Elsewhere, global oil prices dipped in early trading on Thursday as record U.S. crude output heightened concerns of a return of global oversupply, stoking talk from within OPEC that production curbs may become necessary once again to prevent a glut. Global benchmark Brent Crude was at $71.95 a barrel, down 14 cents from their last close.

Indicative Profit Rates on Deposits		
Amounts > 10 Million		Amounts >100,000
KES		USD
Call	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	1.1370	1.1470
GBP/USD	1.3080	1.3180
USD/AED	3.6675	3.6785
USD/JPY	113.20	114.20