



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH JULY 2018

DOMESTIC NEWS

The Kenyan shilling weakened marginally against the US dollar for the second day running on Monday due to excess liquidity in the local inter-bank money markets and demand from merchandise importers. The shilling traded at 100.80/101.00, compared to Friday's close of 100.75/95, with the weighted average inter-bank lending rate trading at 4.6954% on Monday, down from 6.5895% a week, indicating high levels of liquidity in the market.

We expect the local unit to remain relatively stable in the short term and trade in the 100.50/101.50 range, supported by inflows from the horticulture sector and by Central Bank's Open Market Operations, with the CBK expected to continue mopping excess liquidity from the market.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.40	104.40	98.40	103.40
GBP/KES	129.55	137.55	130.05	137.05
EUR/KES	114.95	121.95	115.45	121.45
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	4.6954%	4.8646%	-0.169
91-Day T-bill	7.725%	7.733%	-0.008
182-Day T-Bill	9.499%	9.607%	-0.108
364-Day T-Bill	10.442%	10.488%	-0.046
Inflation	4.28%	3.95%	0.330
CBR RATE	9.50%	10.00%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar recovered from a three week low on Monday as the pound dived following the announcement that UK Foreign Secretary Boris Johnson resigned from the government. The dollar index, which measures the greenback against six major currencies, rose 0.4% to close at 94.16.

In spite of the dollar's recovery on the back of the pound, Friday's data showed average U.S. hourly earnings gained five cents, or 0.2%, in June after rising 0.3% in May. This suggested moderate inflation pressures, creating doubt that the Federal Reserve would raise interest rates a total of four times in 2018.

The euro fell marginally against a stronger dollar on Monday despite Friday's decent economic data showing a healthy rise in German exports. The common currency was down 0.1% to close at \$1.1740 against the US dollar.

The British pound on Monday recorded its largest daily drop against the U.S. dollar in 3-1/2 weeks after two Eurosceptic ministers announced their resignation from UK Prime Minister Theresa May's cabinet. Foreign Secretary Boris Johnson stepped down on Monday just hours after Brexit minister David Davis's resignation, calling into question May's ability to deliver the vision of continued close ties with the European Union. The pound fell 1.3% to a daily low of \$1.3190 but it recovered some of those losses, and was last at \$1.3235, following the news that UK Conservative Party Chairman Brandon Lewis said he did not expect a vote of confidence against the prime minister.

Elsewhere, global oil prices rose on Monday, with Brent Crude, the international benchmark for oil prices gaining 96 cents to close at \$78.42 a barrel on looming sanctions on Iran and falling output in Libya.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
Call	7.00%		2.00%	
1 Month	8.50%		2.25%	
3 Months	9.25%		2.75%	
6 Months	9.50%		3.25%	
1 year	10.00%		3.50%	

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1690	1.1790
GBP/USD	1.3185	1.3285
USD/AED	3.6675	3.6785
USD/JPY	110.65	111.65

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.