



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH MAY 2018

DOMESTIC NEWS

The Kenyan shilling weakened marginally against the US dollar on Wednesday weighed down by high demand for the greenback from importers and increased liquidity in the interbank money market. The local unit traded at 100.50/70, compared to Tuesday's close of 100.40/60. The Central bank was in the market to mop KES 10 billion excess liquidity as the weighted average interbank rate dropped to 4.9032% on Tuesday, down from 5.2245% in the previous session.

We expect the local unit to remain under pressure in the short term due to high demand from importers but we expect it to receive support from the Central Bank's high forex reserves, currently at USD 9.1 billion, equivalent to 6.1 months of import cover and as CBK mops excess liquidity in the market.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.10	104.10	98.10	103.10
GBP/KES	132.55	140.55	133.05	140.05
EUR/KES	115.95	122.95	116.45	122.45
AED/KES	25.90	28.90	25.90	28.90

Money Market Rates	Current	Previous	Change
Interbank Rate	4.9032%	5.2245%	-0.321
91-Day T-bill	7.974%	8.000%	-0.026
182-Day T-Bill	10.269%	10.268%	0.001
364-Day T-Bill	11.145%	11.143%	0.002
Inflation	3.73%	4.18%	-0.450
CBR RATE	9.50%	10.00%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The US dollar fell on Wednesday from its strongest levels in 2018 against a basket of major global currencies due to mild profit-taking and on concerns about the U.S. exit from an international nuclear deal with Iran, but is expected to resume its rise on solid U.S. economic growth and more interest rate increases anticipated from the Federal Reserve.

The dollar index, which tracks the greenback against six major currencies, slipped 0.15% to 93.01 after touching a 2018 peak of 93.416 earlier. The three-week long rally for the U.S. currency, in which it has reversed several months of weakness, has caused the unwinding of popular long bets on emerging market and G10 currencies.

The euro hit a year-to-date low of \$1.1820 earlier on Wednesday before paring gains on the weaker dollar to close at \$1.1870, for a 0.1% rise on the day. The common currency has fallen to multi-years low on weak economic indicators and widening U.S.-euro zone interest rate differentials.

The sterling pound also rose marginally against a weaker dollar on Wednesday to close at \$1.3570, before a Bank of England meeting where interest rates are expected to be left unchanged. Weak UK economic data and renewed worries about Brexit have hurt the pound in recent weeks and led markets to almost discount the possibility of interest rates rising on Thursday.

Meanwhile, global oil prices rose on Wednesday as markets adjusted to the prospects of renewed U.S. sanctions against major crude exporter Iran. The US plans to impose new sanctions against Iran, which produces around 4% of global oil supplies, after abandoning an agreement reached in late 2015. Brent crude, the international benchmark for oil prices, hit their strongest level since November 2014 at \$77.80 per barrel.

Indicative Profit Rates on Deposits		
Amounts > 10 Million	Amounts >100,000	
	KES	USD
Call	6.75%	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	1.1820	1.1920
GBP/USD	1.3520	1.3620
USD/AED	3.6680	3.6780
USD/JPY	109.25	110.25

For more details, contact our Treasury staffs- 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.