



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 11TH JUNE 2018

DOMESTIC NEWS

The Kenyan shilling weakened marginally against the US dollar on Friday as demand from oil and merchandise importers making end-week payments outweighed inflows from the horticulture sector. The local currency traded at 100.90/101.10, slightly weaker than Thursday's close of 100.80/101.00.

We expect the local, which has gained 2.3% against the dollar on a Year-to-Date (YTD) basis to remain relatively stable against the dollar in the short term, supported by stronger horticulture inflows, improving diaspora remittances and high forex reserves, currently at USD 9 billion, equivalent to 6.0 months of import cover.

Meanwhile, Kenya will sell a 25-year Treasury bond worth 40 billion shillings (\$396 million) this month, the central bank said on Friday. The bank would receive bids for the bond until June 19, and auction it a day later. The bond has a 13.40% coupon.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.50	104.50	98.50	103.50
GBP/KES	131.45	139.45	131.95	138.95
EUR/KES	115.65	122.65	116.15	122.15
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	3.6331%	3.7778%	-0.145
91-Day T-bill	7.850%	7.938%	-0.088
182-Day T-Bill	10.061%	10.196%	-0.135
364-Day T-Bill	10.949%	11.083%	-0.134
Inflation	3.95%	3.73%	0.220
CBR RATE	9.50%	9.50%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The US dollar rose marginally on Friday after a four-day losing streak as investors grew cautious over what was expected to be a contentious G7 meeting in Canada on Friday. However, despite Friday's gains, the dollar posted its largest weekly drop since late March. The dollar index, which measures the greenback against a basket of six major currencies, was down 0.1% at 93.47.

The U.S. Federal Reserve's Federal Open Market Committee (FOMC) starts its two-day meeting on Tuesday, where it is anticipated to raise U.S. interest rates. Markets are also keeping a close eye on the historic summit between Trump and North Korean leader Kim Jong Un in Singapore on Tuesday.

The euro held stable at \$1.1795 as investors took profits into last week's bounce. The common currency was up 0.9% on the week, its biggest weekly gain since mid-February. While expectations have grown the ECB will signal its intention to wind down its quantitative easing program in its policy meeting this week, the Italian political situation and the potential of a breakout in trade tensions might keep the central bank from taking action.

Meanwhile, the sterling pound fell on Friday after the European Union's Brexit negotiator said a British proposal for avoiding border problems with Ireland after Brexit raises more questions than answers and that there was much still to negotiate. The pound, which was trading down 0.2% before EU negotiator Michel Barnier spoke, fell further to close at \$1.3410.

Elsewhere, global oil prices fell on Friday, dragged down as U.S. oil drilling activity rose to its highest level since March, 2015, while increasing output in Russia also weighed on the market. Brent crude, the international benchmark for oil prices, was at \$76.37 per barrel, down 0.1% percent, from their last close.

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	1.1745	1.1845
GBP/USD	1.3360	1.3460
USD/AED	3.6675	3.6775
USD/JPY	109.25	110.25

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