



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

## TREASURY MARKET UPDATE 11<sup>TH</sup> MAY 2018

### DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Thursday with inflows from offshore investors buying government securities outweighing demand for the greenback from the energy sector and manufacturers. The local currency traded at 100.35/55 compared to Wednesday's close of 100.50/70.

We expect the local unit to remain under some pressure in the short term due to excess shilling liquidity in the money market as banks approach the end of the cash reserve ratio (CRR) cycle but we see the shilling getting support from investor inflows buying government securities and from Central Bank's Open Market Operations to mop excess liquidity in the market

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.95	103.95	97.95	102.95
GBP/KES	131.90	139.90	132.40	139.40
EUR/KES	116.20	123.20	116.70	122.70
AED/KES	25.85	28.85	25.85	28.85

Money Market Rates	Current	Previous	Change
Interbank Rate	4.2190%	4.6791%	-0.460
91-Day T-bill	7.967%	7.974%	-0.007
182-Day T-Bill	10.265%	10.269%	-0.004
364-Day T-Bill	11.141%	11.145%	-0.004
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 retreated from a 4-1/2-month high against a basket of major currencies on Thursday after tepid inflation data, prompting markets to pare bets of faster U.S. rate hikes. U.S. consumer prices rose less than expected in April, which would support gradual, rather than more aggressive, rate increases by the Federal Reserve. Given recent rises in oil prices, a weaker dollar earlier this year, and U.S. tax cuts, markets were clearly worried more about upside risks in inflation. The core Consumer Price Index (CPI), which strips out the volatile food and energy components, rose 0.1% from previous month, compared to economists' median forecast of 0.2% rise. It lodged year-on-year rise of 2.1%, matching March's increase.

The dollar index, which measures the greenback against six major currencies, fell back to 92.71 from Wednesday's 4-1/2-month high of 93.42.

The euro jumped back to \$1.1915 from Wednesday's 4- 1/2-month low of \$1.1825. The single currency has so far weathered the impact from rises in Italian bond yields on signs the country's two anti-establishment parties could sweep into power as they made significant steps towards forming a government.

The British pound had less luck, falling to \$1.3525 on Thursday, its lowest levels in four months, after the Bank of England reduced its growth and inflation outlook for 2018 and 2019 while keeping rates steady as expected.

Meanwhile, global oil prices fell on Thursday from multi-year highs reached the previous session on hopes that alternative supplies could replace a looming drop in Iranian exports when U.S. sanctions against Tehran are re-imposed. Brent crude, the international benchmark for oil prices, traded at \$77.32 per barrel, down 0.2%, from their last close.

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	1.1865	1.1965
GBP/USD	1.3475	1.3575
USD/AED	3.6680	3.6780
USD/JPY	108.95	109.95

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