



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH APRIL 2018

DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Wednesday after holding firm for three consecutive days, buoyed by inflows of hard currency from offshore investors buying stocks and government debt amid low demand for the greenback from importers. The local currency traded at 100.85/101.05, compared with Tuesday's close of 100.90/101.10. We expect the shilling to remain stable in the short term supported by dollar reserves worth 8.8 billion dollars and a declining value of the greenback in the global market.

Meanwhile, Kenya's economy will grow 5.5% this year compared with an estimated 4.8% last year, thanks to better weather and less political risk after last year's presidential election, according to a World Bank report released yesterday. However, the finance ministry expects growth to rebound to 5.8% this year but pressure to curb the government's fiscal deficit could cause it to scale back ambitious infrastructure projects, weighing economic output.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.45	104.45	98.45	103.45
GBP/KES	139.10	147.10	139.60	146.60
EUR/KES	121.25	128.25	121.75	127.75
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	5.6621%	5.9719%	-0.310
91-Day T-bill	8.006%	8.000%	0.006
182-Day T-Bill	10.318%	10.384%	-0.066
364-Day T-Bill	11.120%	11.130%	-0.010
Inflation	4.18%	4.46%	-0.280
CBR RATE	9.50%	10.00%	-0.50

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar fell marginally against major global currencies on Wednesday due to uncertainty over possible Western military action against Syria as fears of a trade war between the U.S and China faded. President Trump warned Russia of imminent military action in Syria over a suspected poison gas attack, sending many of the world's main stock markets back in the red after two days of gains.

The dollar index, which measures the greenback against a basket of six major currencies, fell to a two-week low of 89.355. However, it rebounded to close at 89.60 after minutes of the U.S. Federal Reserve's last policy meeting showed policymakers felt that the U.S. economy would firm further and that inflation would rise in the coming months.

The euro remained relatively stable at \$1.2360. The common currency had received a boost on Tuesday after European Central Bank policymaker Ewald Nowotny said the ECB's bond buying programme would be wound down by the end of this year, paving the way for the bank's first rate rise since 2011.

The sterling pound was also stable at \$1.4180 as growing expectations of an interest rate increase next month, have prompted investors to load up on the British currency in recent weeks.

Elsewhere, global oil prices rose on Wednesday to hit their highest level in more than three years after U.S. President Donald Trump warned Russia of imminent military action in Syria. Brent crude, the international benchmark for oil prices, traded at the highest levels since 2014 as geopolitical concerns overshadowed a surprise build in U.S. crude inventories. It rose \$1.02 on the day to settle at \$72.15 a barrel, having touched a session high of \$73.09.

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	1.2310	1.2410
GBP/USD	1.4130	1.4230
USD/AED	3.6675	3.6775
USD/JPY	106.45	107.45

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.