



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

## TREASURY MARKET UPDATE 14<sup>TH</sup> JUNE 2018

### DOMESTIC NEWS

The Kenyan shilling was steady against the US dollar on Wednesday, on the back of dollar inflows from offshore investors and thin dollar demand from importers. The local currency traded at 101.05/101.25, same as Tuesday's close. We expect it to remain relatively stable in coming days, supported by health inflows from the horticulture sector amid low demand for the greenback from importers.

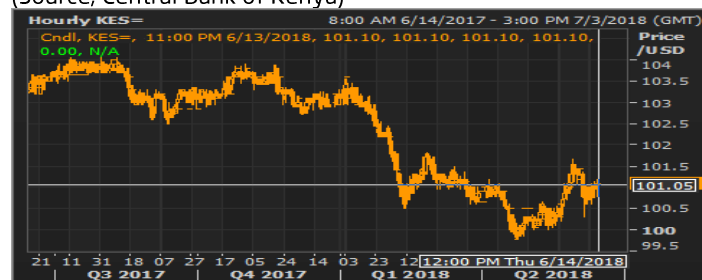
Meanwhile, Kenya's Finance minister is today expected to announce the taxation measures he intends to take to fund a record Ksh3.07 trillion (\$30.7 billion) budget for the 2018/2019 fiscal year compared with Ksh2.6 trillion (\$26 billion) in the current fiscal year, which will include borrowing an additional Ksh562.74 billion (\$5.62 billion). The budget estimates for this fiscal year will focus on laying a strong foundation for the achievement of President Uhuru Kenyatta's grand plan of creating jobs, reducing poverty and inequality and improving the general living conditions of the citizens during his final term in office.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.65	104.65	98.65	103.65
GBP/KES	131.45	139.45	131.95	138.95
EUR/KES	115.90	122.90	116.40	122.40
AED/KES	26.05	29.05	26.05	29.05

Money Market Rates	Current	Previous	Change
Interbank Rate	3.5301%	3.3715%	0.159
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 slipped back from three-week highs against major global currencies on Wednesday, despite the Federal Reserve raising interest rates and taking a slightly more hawkish policy tone as they concluded their policy meeting. As widely expected, the Fed lifted key overnight borrowing costs by a quarter percentage point for a second time this year, to between 1.75 and 2.00%. Policymakers also projected two more rate increases by the end of this year, and three hikes in 2019.

The dollar index against a basket of six major currencies dipped 0.2% to close 93.46 as fresh concerns about U.S.-China trade relations were seen weighing on the dollar.

The euro rose 0.2% to \$1.1805 against the dollar, bouncing back from \$1.1745 hit after the Fed's announcements and edging near last week's high of \$1.1840 as focus moves to the European Central Bank policy meeting today. Although the ECB is widely expected to hold interest rates at their current levels, some traders speculate it may offer clues on its intentions to begin tapering its bond purchases this year. Others reckon the policymakers may refrain from signalling changes to ECB's stimulus program given Italy's political plight and a recent spate of disappointing data in the euro zone.

The sterling pound rose 0.15% to close at \$1.3395 against the US dollar on Wednesday buoyed by a weaker dollar despite inflation data failing to bolster chances of an interest rate increase in August with markets wary about headlines on Brexit negotiations.

Meanwhile, global oil prices rose on Wednesday after a bigger-than-expected decline in U.S. crude inventories indicated strong demand in the world's top oil consumer. Brent crude, the international benchmark for oil prices, settled up 1.1%, at \$76.55 a barrel.

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	1.1755	1.1855
GBP/USD	1.3345	1.3445
USD/AED	3.6675	3.6775
USD/JPY	109.70	110.70

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.