



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

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

### DOMESTIC NEWS

A surge in dollar demand in thin trading saw the local currency dip marginally against the dollar on Friday. Mid-month dollar demand from a cross section of sectors outweighed export inflows, which left the Kenyan unit 10 cents weaker on the day. At the close of business, the USDKES pair was quoted at 100.45/65 compared to 100.35/55 at the open.

We expect the local unit to trade within its recent ranges of 100-100.75 as the current fundamentals remains unchanged. Elsewhere, high liquidity in the last day of the cash reserve ratio (CRR) cycle saw the overnight rates dip to 3.86% on Friday from 4.22% posted the previous day.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.05	104.05	98.05	103.05
GBP/KES	132.34	140.34	132.84	139.84
EUR/KES	116.74	123.74	117.24	123.24
AED/KES	25.87	28.87	25.87	28.87

Money Market Rates	Current	Previous	Change
Interbank Rate	3.8600%	4.2190%	-0.359
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 dollar fell marginally on Friday, as moderate inflation pulled back expectations of a faster pace of U.S. interest rate hikes and boosted risk appetite. Although the US currency remains strong this month, it fell for a third day against a basket of major currencies as traders booked profit on recent gains, which were tied to widening interest rate gaps in favor of the United States and signs of slower growth elsewhere in the world.

The dollar index fell 0.11%, the euro was up 0.23% to \$1.194 while the JPY was marginally up at 109.32 per dollar.

To be sure, central bankers around the world have turned more cautious as inflation and world trade concerns cloud the global economy. On Thursday, the Bank of England held rates steady and New Zealand's Reserve Bank said the official cash rate will remain at 1.75% for some time. That leaves the Fed as the only major central bank committed to rate increases, but Thursday's moderate inflation reading cast doubt over the pace of any hikes.

Oil prices fell this morning from last week's multi-year highs as a relentless rise in U.S. drilling activity pointed to increased output amid rising resistance in Europe and Asia to planned U.S. sanctions against Iran, a major crude exporter.

To be certain, U.S. drillers added 10 oil rigs in the week to May 11, bringing the total count to 844, the highest level since March 2015. Brent crude futures were posted at \$76.65 per barrel, down 0.6% from their last close. Last week, Brent touched \$78, the highest since November 2014, on fears new U.S. sanctions against Iran might reduce oil supply at a time when global crude production is just keeping pace with rising demand.

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	1.1925	1.2025
GBP/USD	1.3500	1.3600
USD/AED	3.6680	3.6780
USD/JPY	109.00	110.00

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