



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 15<sup>TH</sup> MAY 2018

### DOMESTIC NEWS

In active Monday morning trading, the shilling firmed against the dollar supported by dollar sales from horticultural exports, non-governmental organizations and foreign investors amid depressed dollar demand. The local currency was up 15 cents to close the day at 100.20/40 and is expected to remain within the current trading range of 100-100.75 for now.

In the money market, the overnight rates fell to 3.69% yesterday from 3.86% posted on Friday. Elsewhere, prices of Petrol, Diesel and Kerosene rose in the latest price review by the Energy Regulatory Commission (ERC), mirroring the rising crude prices in the global market. This could see monthly inflation tick up in days to come.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.75	103.75	97.75	102.75
GBP/KES	131.84	139.84	132.34	139.34
EUR/KES	116.01	123.01	116.51	122.51
AED/KES	25.79	28.79	25.79	28.79

Money Market Rates	Current	Previous	Change
Interbank Rate	3.6860%	3.8600%	-0.171
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 closed stronger supported by rise in U.S. Treasury yield, which shows widening interest rate gap between the United States and other countries. Earlier in the day, doubts whether the Federal Reserve would raise rates as many as four times in 2018 following last week's soft April U.S. consumer price data had seen the dollar index touch a low of 92.243, the lowest since May 2, before rising back to 92.619, up 0.1% percent on the day.

In days ahead, growing worries about the U.S. budget deficit, which is projected to grow to more than \$1 trillion in 2019 due to a government spending binge amid corporate tax cuts and concerns about the country's current account deficit is likely to have a negative impact on the dollar's fortunes.

In Europe, the Euro had strengthened earlier on Monday after European Central Bank policymaker Francois Villeroy de Galhau said that the ECB could give fresh guidance on the timing of its 1st rate hike as the end of its exceptional bond purchases approaches. Investors are focused this week on speeches by Fed and ECB officials, as well as German data today that is expected to give a guidance on economic growth.

In the global oil markets, crude prices remained high this morning as ongoing production cuts by OPEC and looming U.S. sanctions against Iran weighed on the market amid strong demand.

Brent crude futures were quoted at \$78.37 per barrel this morning in Asia trading, up 14 cents from their last close and not far off a three-and-a-half year high of \$78.53 a barrel reached the previous session.

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	1.1900	1.2000
GBP/USD	1.3500	1.3600
USD/AED	3.6680	3.6780
USD/JPY	109.40	110.40

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