



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 16<sup>TH</sup> APRIL 2018

### DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Friday with thin demand for dollars from oil importers being met by inflows from horticulture exporters and offshore investors interested in buying government bonds. The local currency traded at 100.70/90, compared to Thursday's close of 100.75/95. We expect the local unit to remain bullish in the short term supported by health inflows from the horticulture sector and diaspora remittances amid low demand for the greenback from importers.

Elsewhere, Kenyan lawmakers on Friday ruled out scrapping of the law that caps commercial lending rates after a meeting with the central bank governor. However, the central bank, bankers and economists have said the policy would stifle the lending needed to spur the economy. With the IMF putting pressure on Kenya to drop or modify the lending cap, Finance Minister Henry Rotich said in March that it was unsustainable and the government was planning modifications.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.30	104.30	98.30	103.30
GBP/KES	139.70	147.70	140.20	147.20
EUR/KES	120.80	127.80	121.30	127.30
AED/KES	25.95	28.95	25.95	28.95

Money Market Rates	Current	Previous	Change
Interbank Rate	4.3695%	5.0508%	-0.681
91-Day T-bill	8.000%	8.006%	-0.006
182-Day T-Bill	10.268%	10.318%	-0.050
364-Day T-Bill	11.135%	11.120%	0.015
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 US dollar rose marginally against major global currencies on Friday, after the market gained some clarity following military strikes on Syria by the United States and its allies at the weekend. The United States, France and Britain launched missiles targeting what the Pentagon said were chemical weapons facilities in Syria on Saturday, in retaliation for a suspected poison gas attack on April 7. Suggesting that the military action would not be prolonged, Trump declared the mission was accomplished after the strikes.

The dollar index, which measures the greenback against six peers, rose 0.15% from the previous session to close the day at 89.80. It rose 0.2% the previous day, ending a four-day losing streak.

The euro fell 0.25% against the US dollar to trade at \$1.2330 after losing 0.3% the previous day, which ended a four-day winning run. The common currency had risen 0.4% last week, supported by comments from European Central bank officials that reinforced expectations towards monetary policy normalization.

Meanwhile, the sterling pound rose to a new 10-week high against the dollar on Friday. The British currency pushed towards a new post-Brexit referendum high versus the dollar, rising 0.4% to \$1.4296 before giving up some of those gains to close at \$1.4250. Expectations of a rate rise have been a major driver of sterling's gains in recent days.

Elsewhere, global oil prices remained stable on Friday, despite concerns about the prospect of Western military action in Syria that could lead to confrontation with Russia. Brent crude, the international benchmark for oil prices traded at \$71.90 a barrel, with a \$5.48 or 8% weekly gain.

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	1.2280	1.2380
GBP/USD	1.4200	1.4300
USD/AED	3.6675	3.6775
USD/JPY	106.70	107.70

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