



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH MAY 2018

DOMESTIC NEWS

The shilling remained within its tight trading range yesterday, even though it closed marginally soft versus the dollar. The dollar continues to post gains at the global scene where its currently trading at new highs for 2018.

After opening at 100.20/40, the Kenyan unit lost some ground in early morning trade, weighed by a surge in dollar demand from oil importers amid thin dollar inflows. At the close of business, the USDKES pair was quoted at 100.30/50. We expect the shilling to remain stable and trade in the 100.00-101.00 range this week.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.00	104.00	98.00	103.00
GBP/KES	131.76	139.76	132.26	139.26
EUR/KES	115.44	122.44	115.94	121.94
AED/KES	25.86	28.86	25.86	28.86

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 surged against its major rivals and traded at its highest levels this year yesterday, boosted by rising U.S Treasury yields. The yield on the benchmark U.S. 10-year Treasury note hit 7 years high yesterday on a report that indicated a pick-up in consumer spending, which markets read as a harbinger of higher inflations that will prompt the Federal reserve bank to raise interest rates at a faster pace than earlier expected.

The 10-year yield closed near 3.1%, above the psychological 3% barrier, as a wave of selling propelled the yield through a key technical support. The dollar index rose 0.7% to 93.225, after rising as high as 93.457 during the session.

U.S data released yesterday showed a moderate rise in U.S. retail sales in April and consumer spending appeared on track to accelerate after slowing sharply in the first quarter. Other data showed factory activity regaining momentum in May. Meanwhile, Wall Street's main indexes fell, with the Dow industrials snapping an eight-session streak of gains, hurt by concerns that rising bond yields would undercut stock valuations.

Crude prices remained at elevated levels yesterday with Brent posted at \$78.01, 22 cents lower on the day as prices pulled back after an industry organization said U.S. crude stockpiles built unexpectedly last week.

To be sure, oil prices have surged more than 70% over the last year as demand has risen sharply while production has been restricted by the OPEC producers and other producers that includes Russia. Recent announcement by the U.S of its intentions to impose sanctions on Iran over its nuclear program raised fears that markets will face shortages later this year when trade restrictions take effect

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	1.1800	1.1900
GBP/USD	1.3450	1.3550
USD/AED	3.6670	3.6770
USD/JPY	109.75	110.75

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