



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH MAY 2018

DOMESTIC NEWS

The shilling held steady against the dollar in balanced trading yesterday. The local unit had lost some ground in early morning trade, weighed by a surge in dollar demand from importers to trade at 100.45/65. However, increased dollar sales in the afternoon trade saw the shilling recoup the losses to close the day at 100.30/50, unchanged from the previous day's close.

We retain our view that the USDKES will trade in the 100.00-101.00 range this week. Meanwhile, the average overnight rates in the money market surged to 5.294% from 4.847% yesterday, as banks boosted their cash ratio reserve balances.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.90	103.90	97.90	102.90
GBP/KES	131.95	139.95	132.45	139.45
EUR/KES	115.16	122.16	115.66	121.66
AED/KES	25.83	28.83	25.83	28.83

Money Market Rates	Current	Previous	Change
Interbank Rate	5.2940%	4.8470%	0.447
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 greenback maintained its bullish run and rose to a five-month high yesterday, supported by robust U.S. economic data in recent days as markets ignored the latest news from North Korea which puts the much talked about summit between Kim Jong and the US president Trump in to doubt.

Global markets were still digesting Tuesday's surge in U.S. bond yields where the 10-year note traded beyond the 3% levels and strong retail sales report that powered the dollar surge and hurt stocks.

Elsewhere, Italy's borrowing costs jumped and its stocks slid on concerns linked to economic plans from the country's potential coalition government. This came as Italy's two anti-system parties appeared closer to clinching a deal to form a coalition government, rattling markets with radical ideas to free up billions of euros for tax cuts and welfare.

The dollar index rose 0.16% to 93.365, while the Euro was down 0.26% to close at \$1.1806.

Oil prices remained bullish and opened higher this morning in Asia trading with Brent crude now closer to \$80 per barrel, a level it has not seen since November 2014 on tight supplies tighten while demand remains strong. Brent crude futures were posted at \$79.32 per barrel, up about 1% on the day.

Indeed, geopolitical risks and signs of unexpected fall in inventories in the U.S supported prices. The latest trend has prompted some market analysts to revise upward their 2018 forecast for Brent to as high as \$90 per barrel. Latest data showed U.S. crude inventories dropped by 1.4 million barrels in the week ended May 11, 2018, to 432.34 million barrels.

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	1.1775	1.1875
GBP/USD	1.3450	1.3550
USD/AED	3.6670	3.6770
USD/JPY	110.00	111.00

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