



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH JUNE 2018

DOMESTIC NEWS

The Kenyan shilling held relatively steady against the US dollar on Thursday as lackluster demand from importers was matched by inflows from offshore investors with high liquidity in the money markets seen as reducing demand for the shilling. The local currency traded at 101.00/101.20, compared to Wednesday's close of 101.05/101.25.

Meanwhile, Kenya's Finance Minister Henry Rotich lowered the government's budget deficit for the financial year starting next month to 5.7% of GDP from 7.2% in 2017/18 as he officially released the FY 2018/19 Budget Statement with total expenditure estimated at KES 2.5 trillion and revenue target at KES 1.9 trillion. The Finance CS projected the economy will grow by at least 5.8% this year supported by growing investor confidence, improved agriculture activities and improved demand for exports due to improved global and regional growth. He also proposed to amend the Banking Amendment Act 2016 by repealing section 33b that sets the cap on interest rates for commercial lenders.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.60	104.60	98.60	103.60
GBP/KES	130.15	138.15	130.65	137.65
EUR/KES	113.70	120.70	114.20	120.20
AED/KES	26.05	29.05	26.05	29.05

Money Market Rates	Current	Previous	Change
Interbank Rate	3.7460%	3.3715%	0.374
91-Day T-bill	7.821%	7.850%	-0.029
182-Day T-Bill	9.800%	10.061%	-0.261
364-Day T-Bill	10.706%	10.949%	-0.243
Inflation	3.95%	3.73%	0.220
CBR RATE	9.50%	9.50%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The US dollar rose to a seven-month high against a basket of major global major currencies on Friday, getting a boost as the euro sagged after a cautious European Central Bank signaled it will keep interest rates at record lows well into next year and as investors bet the United States and China would avoid a full-blown trade war.

The dollar index against six major currencies was up 0.3% at 94.92 after touching 95.108, its highest since November 2017, thanks to the dollar soaring more than 1% after the U.S. Federal Reserve gave a hawkish signal on interest rates.

The euro was headed for its biggest weekly loss in 19 months after the European Central Bank unexpectedly said it would keep interest rates at record lows well into next year. The ECB's crisis-era stimulus of massive bond purchases aimed at boosting the euro zone economy will end this year but interest rates will remain steady at least through the summer of 2019, the ECB's president Mario Draghi said on Thursday. The euro fell 1.5% to close at \$1.1590.

The Sterling Pound also fell near seven-month lows as strong U.S. data and a hawkish Federal Reserve prompted investors to buy the greenback, while the Bank of England is expected to strike a cautious note at a review this week after some weak data. The pound edged down 0.5% to close at \$1.3270, near a seven-month low of \$1.3245 touched late last month.

Meanwhile, global oil prices fell on Friday, pulled down by expectations that producer club OPEC and its allies will increase supplies. Brent crude, the global benchmark for oil prices, was at \$73.05 per barrel, down 0.5% from their last close.

Indicative Profit Rates on Deposits		
Amounts > 10 Million	Amounts >100,000	
	KES	USD
Call	7.00%	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	1.1540	1.1640
GBP/USD	1.3220	1.3320
USD/AED	3.6675	3.6775
USD/JPY	109.95	110.95

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