



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD MAY 2018

DOMESTIC NEWS

The Kenya shilling remained on a bearish footing yesterday, as importers' dollar demand continued to outweigh dollar supply. This market the fourth session in a row that the local unit has weakened. After opening trade at 100.50/70, a surge in dollar demand saw the home unit come under pressure throughout the day to close at 100.70/90, 20 cents weaker on the day, even as the Central Bank of Kenya stayed away from the market. They had sought to mop excessive KES liquidity the previous day.

We will keenly watch if the key 101.00 level is tested today, failure of which could see the shilling recoup some losses. We expect 100.25-101.25 range to hold during today's trade.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.25	104.25	98.25	103.25
GBP/KES	131.15	139.15	131.65	138.65
EUR/KES	115.05	122.05	115.55	121.55
AED/KES	25.93	28.93	25.93	28.93

Money Market Rates	Current	Previous	Change
Interbank Rate	5.5168%	5.8252%	-0.308
91-Day T-bill	7.950%	7.967%	-0.017
182-Day T-Bill	10.257%	10.265%	-0.008
364-Day T-Bill	11.127%	11.141%	-0.014
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 retreated on Tuesday after six straight days of gains, as U.S. Treasury yields dipped and investors looked for fresh incentives to buy the currency.

Concerns emerged yesterday that the recent dollar's uptrend which has been supported by generally upbeat U.S. economic data that has kept the Federal Reserve on track to raise interest rates at least two more times this year may have been overdone. The expected Fed's action contrast with other major central banks such as the Bank of Japan and European Central Bank who are not in a tightening mode.

The dollar index which measures the dollar performance against a basket of currencies was down 0.1% at 93.584, after hitting a five-month high on Monday. We expect the dollar to take a pause this morning ahead of the release of the Fed minutes for their last policy meeting later today.

Elsewhere, the Euro fell 0.1% to \$1.1778 against the USD amid political uncertainty in Italy. The country's anti-establishment 5-Star Movement and the far-right League on Monday proposed Giuseppe Conte as prime minister to lead their coalition government.

Meanwhile, oil prices remained bullish on mounting supply concerns tied to Venezuelan crude output and a possible cut in Iranian exports that could further curb global supply. Trump administration added sanctions against Venezuela following President Nicolas Maduro's disputed re-election over the weekend.

Brent crude futures gained 0.44% to trade at \$79.57 a barrel yesterday, not far from its recent highs of \$80.

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	1.1700	1.1800
GBP/USD	1.3360	1.3460
USD/AED	3.6665	3.6765
USD/JPY	110.00	111.00

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