



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 24TH MAY 2018

### DOMESTIC NEWS

The Kenya shilling lost further ground against the greenback in active trading yesterday, retaining its current bearish trend. A surge in end of month dollar demand mainly from oil importers and manufacturers amid thin inflows pressured the local unit which lost 20 cents during the day.

At the close of trading, the USDKES pair was posted at 100.90/101.10, in sight of the key 101.00 mark on the bid side. We hope this new level will attract dollar sellers in the market and expect the shilling to trade in the 100.50-101.50 for the remainder of the week.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.55	104.55	98.55	103.55
GBP/KES	131.10	139.10	131.60	138.60
EUR/KES	114.78	121.78	115.28	121.28
AED/KES	26.01	29.01	26.01	29.01

Money Market Rates	Current	Previous	Change
Interbank Rate	5.7044%	5.7998%	-0.095
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 lost momentum after the market interpreted the minutes of the Federal Reserve's last policy meeting as dovish. While the minutes showed most policymakers thought it likely another interest rate increase would be warranted, in line with market expectations, the minutes also revealed the Fed would tolerate inflation rising above its goal for a time.

The dollar's index was a tad lower at 93.897 from its five-month high of 94.195 touched immediately after the release of the Fed's minutes.

Elsewhere, economic and political worries in Europe hampered the euro, which stayed near a six-month low after data showed a slowdown in European business activity amid political uncertainty in Italy. The euro was down 0.69% against the greenback at \$1.1697, its weakest since mid-November last year.

In UK, sterling fell to a 2018 low after weaker-than-expected UK inflation cast doubt on whether the Bank of England will raise interest rates this year.

Oil prices fell on expectations that OPEC members will step up production in the face of worries over supply from both Venezuela and Iran. A surprise build-up in crude oil inventories in the United States also weighed on prices. According to a report released yesterday by Energy Information Administration (EIA), commercial U.S. crude inventories rose by 5.8 million barrels in the week to May 18, beating analyst expectations for a decrease of 1.6 million barrels.

Brent futures were 0.34% at \$79.53 per barrel this morning in Asia trading.

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	1.1650	1.1750
GBP/USD	1.3325	1.3425
USD/AED	3.6665	3.6765
USD/JPY	109.00	110.00

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