



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 25<sup>TH</sup> JUNE 2018

### DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Friday to end the week higher, helped by inflows from the horticulture sector and tight liquidity in the money market amid low demand for the greenback from importers. The local currency traded at 100.70/90, marginally stronger than Thursday's close of 100.75/95.

We expect the local unit, which has appreciated 2.3% against the dollar on a year-to-date basis, to remain relatively stable in the short term supported by the narrowing of the current account deficit which stood at 6.1% of GDP as at March 2018 from 6.4% in December 2017, stronger inflows from principal exports, improving diaspora remittances and high forex reserves, currently at USD 9.9bn equivalent to 5.9 months of import cover.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.30	104.30	98.30	103.30
GBP/KES	129.70	137.70	130.20	137.20
EUR/KES	114.00	121.00	114.50	120.50
AED/KES	25.95	25.95	25.95	25.95

Money Market Rates	Current	Previous	Change
Interbank Rate	6.1799%	4.9505%	1.229
91-Day T-bill	7.725%	7.821%	-0.096
182-Day T-Bill	9.666%	9.800%	-0.134
364-Day T-Bill	10.537%	10.706%	-0.169
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 fell to a two-week low against major global currencies on Friday as a flare-up in global trade concerns dented investor risk appetites and drove down U.S. yields after U.S. President Donald Trump threatened to impose a 20% tariff on all cars imported from the European Union. The EU responded by saying it will have no choice but to retaliate to such a move.

The dollar index against a basket of six major currencies stood at 94.54, having retreated from 95.529, its highest level since July 2017, scaled on Thursday. The greenback had climbed to the 11-month peak as higher U.S. yields underlined the divergence in monetary policies between the United States and Europe.

The euro rose against the dollar on Friday as traders were encouraged by improved regional economic growth data and new assurances by Italian politicians that their nation would not leave the single currency. The euro registered a weekly gain of nearly 0.5% to close at \$1.1650, reversing the prior week's 1.35% drop tied to the European Central Bank's hint it would hold interest rates through the summer of 2019.

The sterling pound also rose to a six-day high on Friday to close at \$1.3265 after a Bank of England meeting revived expectations of a rate hike this year, but fears of a breakdown in Brexit talks this week limited sterling's gains. The British currency has struggled through much of June, weighed down by worries about a slowdown in the economy and fraught attempts by British diplomats to secure a deal to exit the European Union in March.

Elsewhere, global oil prices fell by more than 2% on Friday as traders factored in an expected output increase that was agreed at the headquarters of OPEC in Vienna on Friday. Brent crude, the global benchmark for oil prices, was at \$74.10 per barrel, down 2.2% 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	1.1600	1.1700
GBP/USD	1.3215	1.3315
USD/AED	3.6675	3.6775
USD/JPY	108.95	109.95

For more details, contact our Treasury staffs- Peter and Michael on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.