



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 26<sup>TH</sup> MAY 2018

### DOMESTIC NEWS

The Kenya shilling held steady yesterday against the dollar amid tight liquidity conditions in the money market. Earlier in the session, the local unit traded 5 cents weaker weighed by a surge in end of month dollar demand but entry of sellers in late trade saw the shilling close unchanged for the day at 100.70/90. We expect the shilling to trade in the 100.60-101.20 for the remainder of the week.

Liquidity conditions remained tight in the money market which saw CBK come in the market to inject KES 10 Billion. Overnights rates edged higher at 6.40% compared to 4.95% posted last week.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.30	104.30	98.30	103.30
GBP/KES	129.94	137.94	130.44	137.44
EUR/KES	114.59	121.59	115.09	121.09
AED/KES	25.94	28.94	25.94	28.94

Money Market Rates	Current	Previous	Change
Interbank Rate	6.400%	6.180%	0.220
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	3.950%	3.730%	0.220
CBR RATE	9.50%	10.00%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The dollar wobbled against its main rivals while global stock markets sank on Monday as the trade fight between the United States and other top economies escalated. To be sure, benchmark Wall Street indexes suffered their worst losses in more than two months. U.S. Treasury Secretary Steven Mnuchin on Monday said forthcoming investment restrictions would apply "to all countries that are trying to steal our technology," not just to China.

The news added to caution felt after Trump on Friday threatened to impose a 20% tariff on cars imported from the European Union. The EU said it would be forced to retaliate. The dollar index against a basket of six major currencies dipped 0.1% to 94.193 and was headed for its fifth straight day of losses.

The trade dispute between the United States and China knocked offshore yuan to 6.5640 per dollar, its weakest in nearly six months. In attempt to cap any potential economic drag from the ongoing trade dispute, the central bank of China said on Sunday it would cut the amount of cash some banks must hold as reserves by 50 basis points to spur lending to smaller firms.

The euro edged up 0.1% in Asian trade to \$1.1717, extending its recovery from its 11-month low of \$1.1508 touched on Thursday. The euro's gains came after it strengthened on Friday following improved regional economic growth data and new assurances by Italian politicians that their nation would not leave the single currency.

Brent crude oil futures were marginally up at \$74.78 on the back of uncertainty over Libyan exports. The contracts had slid 1% overnight as receding investor risk appetite weighed on commodities. Oil prices were capped after OPEC and its allies on Friday agreed to increase global supplies, albeit modestly.

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	1.1670	1.1770
GBP/USD	1.3225	1.3325
USD/AED	3.6680	3.6780
USD/JPY	109.00	110.00

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