



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 27TH MAY 2018

DOMESTIC NEWS

The shilling ceded ground to the dollar in active trading yesterday, undermined by a surge in end of month dollar demand. After opening at 100.70/90, the local unit lost 20 cents as importers and other corporates rushed to the market to cover their end of month obligations. At the close of business, the USDKES pair was posted at 100.90/101.10.

We expect the shilling to trade in the 100.750-101.50 with a bearish tone in the next few days but could strengthen in the new month once buyers get out the market. Liquidity in the money market remained tight yesterday even as the CBK stayed out of the market.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.50	104.50	98.50	103.50
GBP/KES	129.47	137.47	129.97	136.97
EUR/KES	114.11	121.11	114.61	120.61
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	6.660%	6.400%	0.260
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 rose across the board as global trade tensions prompted traders to ditch most high-yielding currencies and investors focused on expectations the Federal Reserve will continue to raise interest rates.

While the trade conflict between the US and China is expected to remain a long-running theme dogging the financial markets, a modest easing in concerns helped partially revive risk appetite. The dollar index rose 0.4% breaking the recent poor run, with the euro down 0.49% to \$1.1645. The Japanese yen weakened 0.25% versus the greenback at 110.07 per dollar.

The index had fallen to its lowest since June 14 earlier on Tuesday amid concerns over an escalating trade row between the United States and its trade partners, notably China.

Elsewhere, the 10-year U.S. Treasury note yield was unchanged at 2.882%, way lower than the seven-year high of 3.128% touched last month.

Meanwhile, the Sterling pound lost 0.45% after an incoming Bank of England policymaker expressed caution over Britain's readiness for higher interest rates and uncertainty over the impact of Brexit on the economy.

Crude prices, rose yesterday after a U.S. official said the government was pressuring allies to halt Iranian crude imports. News that Saudi Arabia plans to pump up to 11 million barrels of oil in July, the most in its history, was outweighed by the renewed Iranian supply concerns. Brent crude gained 2.6% to trade at \$76.68 on the day.

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	1.3175	1.3275
USD/AED	3.6680	3.6780
USD/JPY	109.40	110.40

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