



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH MAY 2018

DOMESTIC NEWS

The Kenya shilling suffered further set back against the dollar as its the current losing streak continued. The local unit was posted at 101.10/30 as end of month dollar demand outweighed dollar inflows. This was 10 cents weaker on the day. We expect the shilling to trade in the 100.75-101.50 range this week.

Meanwhile, the local market will shift attention to today's MPC meeting. After a surprise 50-basis points rate cut in March to 9.50%, we believe CBK will keep the monetary policy unchanged today as they review the outcome of the last decision even as the market anticipates a review of the current rate cap later in the year.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.70	104.70	98.70	103.70
GBP/KES	130.99	138.99	131.48	138.49
EUR/KES	115.17	122.17	115.67	121.67
AED/KES	26.05	29.05	26.05	29.05

Money Market Rates	Current	Previous	Change
Interbank Rate	5.6952%	5.8258%	-0.130
91-Day T-bill	7.939%	7.950%	-0.011
182-Day T-Bill	10.232%	10.257%	-0.025
364-Day T-Bill	11.111%	11.127%	-0.016
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 rose against a basket of peers on Friday, as commodity-linked currencies fell following a slump in oil prices and as political concerns in Italy and Spain hurt the euro.

The dollar got further support from data that showed new orders for key U.S.-made capital goods increased more than expected in April and shipments rebounded, suggesting that business spending on equipment was picking up after slowing down at the end of the first quarter. The dollar index, was up 0.44% at 94.166, after hitting a high of 94.249, its strongest since mid-November. The index was up 0.6% for the week.

Meanwhile, the euro weakened and was set for a sixth consecutive week of losses as rising bond yields in Italy triggered nervousness among investors, while brewing political instability in Spain also weighed on sentiment.

Sterling traded near a five-month low of \$1.33 on Friday, undermined by worries over Brexit and further signs of sustained weakness in Britain's economy.

In Asia trading this morning, oil prices extended their decline from last week on growing expectations that output from top crude producers, Russia, the United States and Saudi Arabia, would climb to meet concerns about supply amid strong demand.

To be sure, energy ministers of Russia and Saudi Arabia met over the weekend to review the terms of global oil supply, ahead of a key OPEC meeting in Vienna next month. Brent crude futures dropped as much as 2.6% to \$74.49 per barrel, their lowest level in about three weeks. They last stood at \$75.00, down 1.8 percent 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	1.1680	1.1780
GBP/USD	1.3300	1.3400
USD/AED	3.6665	3.6765
USD/JPY	109.00	110.00

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