



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

## TREASURY MARKET UPDATE 29<sup>TH</sup> JUNE 2018

### DOMESTIC NEWS

The Kenyan shilling held stable against the US dollar on Thursday despite end month demand for the greenback from oil importers and manufacturers, with tight liquidity in the local money markets offering support. The local currency traded at 100.95/101.15, slightly stronger than Wednesday's close of 101.00/101.20. The weighted average daily interbank lending rate was quoted at 6.6425% on Thursday, compared with 3.9172% a week ago, indicating tight liquidity in the money market.

We expect the shilling to remain relatively stable against the dollar in the coming week supported by tight liquidity in the money market and inflows from portfolio investors buying government debt and stocks.

#### Indicative Forex rates

|         | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 97.60    | 104.60    | 98.60  | 103.60  |
| GBP/KES | 128.55   | 136.55    | 129.05 | 136.05  |
| EUR/KES | 113.40   | 120.40    | 113.90 | 119.90  |
| AED/KES | 26.00    | 29.00     | 26.00  | 29.00   |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate     | 6.6425% | 6.6815%  | -0.039 |
| 91-Day T-bill      | 7.733%  | 7.725%   | 0.008  |
| 182-Day T-Bill     | 9.607%  | 9.666%   | -0.059 |
| 364-Day T-Bill     | 10.488% | 10.537%  | -0.049 |
| 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 U.S. dollar fell against a basket of major global currencies on Thursday after data showed the U.S. economy slowed more than earlier estimated in the first quarter. U.S. gross domestic product grew at a 2% annual rate in the January-March period, instead of 2.2% pace it reported last month, amid the weakest consumer spending in nearly five years.

The dollar index, which measures the greenback against a basket of six currencies, was down 0.5% at 94.936 after advancing about 1% over the last two days amid continuing trade tensions between the U.S. and its major trading partners.

The euro jumped more than a half cent on Thursday after European Union leaders reached an agreement on migration, a thorny issue that has threatened EU unity and the fate of German Chancellor Angela Merkel. The euro rose last stood at \$1.1650, extending its recovery from the one-week low of \$1.1525 touched on Wednesday, after EU leaders reached the deal on migration.

Meanwhile, the sterling pound fell on Thursday to close at \$1.3115, its lowest since early November as investors fretted that a European Union summit would underline how there has been no meaningful progress for months in negotiations on a Brexit deal. The lack of progress, combined with a series of corporate warnings this week about the effect on Britain's economy if a deal is not agreed soon, has weighed heavily on sterling and lowered expectations of a Bank of England interest rate rise.

Elsewhere, global oil prices climbed on Thursday, with U.S. crude hitting a three-and-a-half year high, bolstered by supply concerns due to U.S. sanctions that could cause a large drop in crude exports from Iran. Brent crude, the international benchmark for oil prices, rose 25 cents to settle at \$77.85 a barrel.

| 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                             | 1.3065           | 1.3165 |
| USD/AED                             | 3.6680           | 3.6780 |
| USD/JPY                             | 110.15           | 111.15 |

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