



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH MAY 2018

DOMESTIC NEWS

The Kenya shilling continued on a losing streak against the US dollar on Monday, undermined by end-month dollar demand from oil companies amid subdued dollar inflows. The local currency traded at 101.50/70, compared to Friday's close of 101.10/30. We expect the local to remain under pressure in the short term and trade in the 101.00/102.00 range.

Meanwhile, as was widely expected, Kenya's central bank held its benchmark lending rate at 9.5% on Monday, saying the impact of the previous cut was yet to be fully felt. The bank cut the rate by 50 basis points at the last sitting of its monetary policy committee in March, saying the economy needed a boost. Inflation, which slowed to 3.73% last month, was well anchored within the government's preferred band of 2.5-7.5%, the bank said, adding that economic output was still below its potential level.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.10	105.10	99.10	104.10
GBP/KES	131.30	139.30	131.80	138.80
EUR/KES	114.65	121.65	115.15	121.15
AED/KES	26.15	29.15	26.15	29.15

Money Market Rates	Current	Previous	Change
Interbank Rate	5.4282%	5.6952%	-0.267
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%	9.50%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The US dollar was flat against major global currencies on Monday as markets were closed for holiday in the US. US Risk aversion receded after U.S. President Donald Trump said on Sunday a U.S. team had arrived in North Korea to prepare for a summit between him and North Korean leader Kim Jong Un. Trump had pulled out of the summit last week, which had sapped investor risk appetite and helped push the dollar to a two-week trough against major currencies.

The euro struggled near a 6-1/2-month low against the US dollar on Monday, the bounce seen at the start of the week fading out as investors took a grim view of Italy seemingly heading towards another election. The euro was little changed at \$1.1625, its lowest since Nov. 9.

The sterling pound remained flat at \$1.3315 against the US dollar on Monday as markets remain closed for holiday in the UK. The pound has been weighed down by worries over Brexit and signs of sustained weakness in Britain's economy. Markets have radically scaled back expectations for when and how much the Bank of England will raise interest rates as economic growth slows. Data on Friday showed GDP grew just 0.1% in the first quarter, keeping the pound under pressure.

Elsewhere, global oil prices were mixed in late trading on Monday, but remained under pressure from expectations that Saudi Arabia and Russia would pump more crude to ease a potential shortfall in supply. Brent crude, the international benchmark for oil prices, were up 0.41%, at \$75.61 a barrel, after settling at their lowest since May 8 at \$75.30.

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	1.1575	1.1675
GBP/USD	1.3265	1.3365
USD/AED	3.6675	3.6775
USD/JPY	108.55	109.55

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