



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH MAY 2018

DOMESTIC NEWS

The Kenyan shilling held stable against the US dollar on Tuesday after Central Bank sold an unspecified amount of dollars in the market to support the shilling. The local unit, which traded at 101.50/70, same as Monday's close, had come under immense pressure from end month dollar demand from oil and manufacturing importers. We expect the shilling to remain under some pressure in the short term but we see it receiving support from CBK in case of high volatility.

Meanwhile, Kenya's economy is estimated to have expanded by 5.8% in the first quarter of this year, helped by tea and horticulture exports and the services sector, according to the Central Bank Governor. Njoroge told a news conference on Tuesday that Kenya's lower fiscal deficit targets would be challenging to meet, and that if those deficits were achieved, it would create room for monetary easing. On Monday, the central bank held its key lending at 9.5%, saying the impact of a previous cut was yet to be fully felt.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.10	105.10	99.10	104.10
GBP/KES	130.65	138.65	131.15	138.15
EUR/KES	113.75	120.75	114.25	120.25
AED/KES	26.15	29.15	26.15	29.15

Money Market Rates	Current	Previous	Change
Interbank Rate	5.1669%	5.4282%	-0.261
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 rose on Tuesday to a 10-month high against major global currencies after a sell-off in Italy's debt market drove investors to dump the single currency and move to safe haven currencies and assets. A deepening political crisis in Italy, the euro zone's third-biggest economy, provoked selling of Italian assets and the euro that was reminiscent of the euro zone debt crisis of 2010-2012.

The dollar index, which measures the greenback against a basket of six major currencies, was up 0.5% on the day to close at 94.85.

The euro fell to a 10-month low after the selloff in Italy's debt market drove investors to dump the single currency. Italy's president has set the country on a path to fresh elections by appointing a former IMF official as interim prime minister, with the task of planning for snap polls and passing the next budget. The currency slipped below \$1.16 for the first time since November 2017 to hit the 10-month low of \$1.1540.

The sterling pound also fell to a six-month low against a rallying dollar as expectations of a Bank of England interest rate rise continue to recede with the economy showing signs of weakness and also due to worries about whether Britain can secure the Brexit deal. The pound fell as much as 0.7% to \$1.3255, its weakest since mid-November.

Elsewhere, global oil prices inched down on Tuesday amid concerns that Saudi Arabia and Russia will pump more crude in the second half of the year in response to falling global crude inventories and rising consumer prices. Brent crude, the international benchmark for oil prices, was down 0.5%, at \$75.15 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	1.1490	1.1590
GBP/USD	1.3205	1.3305
USD/AED	3.6675	3.6775
USD/JPY	108.15	109.15

For more details, contact our Treasury staffs- Peter and Michael on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.