



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST MAY 2018

DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Wednesday supported by tea and horticulture export inflows as end month dollar demand from oil, retail and manufacturing imports, which had put pressure on the shilling reduced. The local unit traded at 101.35/55, compared to Tuesday's close of 101.50/70. The shilling had received support on Tuesday when Central Bank sold an unspecified amount of dollars in the market to support the local currency.

We expect the local currency to remain relatively stable in the short term and trade in the 100.80/101.80 range, supported by horticulture inflows amid dwindling demand from importers who have already covered their end month obligations.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.95	104.95	98.95	103.95
GBP/KES	130.95	138.95	131.45	138.45
EUR/KES	114.85	121.5	115.35	121.35
AED/KES	26.15	29.15	26.15	29.15

Money Market Rates	Current	Previous	Change
Interbank Rate	4.7408%	5.1669%	-0.426
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 U.S. dollar fell on Wednesday as the euro recovered from 10-month lows after reports that Italy's biggest party would make a renewed attempt to form a coalition government and end months of political turmoil.

The dollar index, which tracks the greenback against a basket of six currencies, was down nearly half a percent on Wednesday to close at a session low of 94.05, below Tuesday's 6-1/2-month high.

The euro rose after the single largest party in the new Italian parliament said it would try again to form a coalition with the right-wing League. Without a deal, sources said President Sergio Mattarella could dissolve parliament in the coming days and send Italians back to the polls as early as July 29. The single currency, which had plunged to a 10-month low of \$1.1510 on Tuesday, rose as much as 0.9% to close at \$1.1665 on Wednesday. However, it remains down 4% this month against the dollar.

The sterling pound also recovered on Wednesday from a six-month low set the previous day as currencies stabilized after Italy's political crisis sent shock waves through global financial markets. The British currency rose 0.1% to close at \$1.3300 after falling to its lowest levels since Nov. 20 on Tuesday. However, it weakened against a strong euro thanks to the broad-based euro bounce.

Elsewhere, global oil prices rose on Wednesday, shrugging off an unexpected build in U.S. crude stockpiles and rebounding from a four-day slump as Russia's central bank expressed caution on plans to boost oil supply. Brentcrude, the international benchmark for oil prices, settled up \$2.11, or 2.8%, at \$77.25 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	1.1615	1.1715
GBP/USD	1.3250	1.3350
USD/AED	3.6675	3.6775
USD/JPY	108.20	109.20

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