



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 4TH JUNE 2018

DOMESTIC NEWS

The Kenyan shilling strengthened marginally for the second session against the US dollar on Thursday, supported by horticulture export inflows amid dwindling importer demand. The local currency traded at 101.25/45, compared to Wednesday's close of 101.35/55 as Kenyan financial markets remained closed on Friday for a national holiday. We expect the local unit, which depreciated by 1.2% against the US Dollar during the month of May to remain relatively stable against the dollar in the short term, supported by horticulture export inflows and high forex reserves, currently at USD 9.0 billion, equivalent to 6.1 months of import cover.

Meanwhile, Kenya's overall monthly inflation increased marginally to 3.95% in May from 3.75% in April due to increase in some food prices. The Kenya National Bureau of Statistics (KNBS) said the Consumer Price Index (CPI) increased by 0.95% from 193.18 in April to 195.05 in May as the year-on-year food inflation increased from 0.26% in April to 0.34% in May.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.85	104.85	98.85	103.85
GBP/KES	131.50	139.50	132.00	139.00
EUR/KES	115.00	122.00	115.50	121.50
AED/KES	26.10	29.10	26.10	29.10

Money Market Rates	Current	Previous	Change
Interbank Rate	4.3308%	4.7408%	-0.410
91-Day T-bill	7.938%	7.939%	-0.001
182-Day T-Bill	10.196%	10.232%	-0.036
364-Day T-Bill	11.083%	11.111%	-0.028
Inflation	3.95%	3.73%	0.220
CBR RATE	9.50%	9.50%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

Better-than-expected U.S. employment data on Friday kept the US dollar afloat, even as the European Union, Canada and Mexico are expected to retaliate to the import tariffs on steel and aluminum announced by President Donald Trump. Domestic job growth accelerated in May and the unemployment rate dropped to an 18-year low of 3.8%, pointing to rapidly tightening labor market conditions. The U.S. Labor Department's report also showed solid wage gains, making a rate hike in June near-certain, and increasing expectations of a fourth hike this year.

The dollar index against a basket of six currencies rose half a percent to close at 94.02.

The euro consolidated gains on Friday and broke a six-week losing streak following a drop in Italian bond yields after a revived coalition deal between Italy's two anti-establishment parties reduced concerns of immediate elections. The single currency last stood at \$1.1690 against the dollar. On a weekly basis, it posted a 0.3% gain, snapping out of six consecutive weeks of losses.

The sterling pound also strengthened against the dollar on Friday as data showed UK manufacturing growth picking up speed in May. The pound had languished near a six-month low for much of the week, curtailed by weakness in the UK economy and influenced by non-UK factors including new U.S. trade tariffs and possible snap elections in Italy. However, on Friday, it rose 0.5% to a five-day high \$1.3370.

Elsewhere, global oil prices retreated on Friday coming under pressure from record U.S. output and expectations of higher OPEC supplies. Brent crude, the international benchmark for oil prices, was down 0.16%, at \$76.60 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	1.1640	1.1740
GBP/USD	1.3320	1.3420
USD/AED	3.6675	3.6775
USD/JPY	109.15	110.15

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