



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 5TH JUNE 2018

DOMESTIC NEWS

The Kenyan shilling strengthened substantially against the US dollar on Monday supported by horticulture exports inflows and increased dollar liquidity from offshore investors investing in government securities amid subdued demand for the greenback from importers. The local currency traded at 100.80/90, compared with Thursday's close of 101.25/45.

We expect the local to remain relatively bullish in the short term, supported by healthy horticulture inflows, improving diaspora remittances and the country's high forex reserves, currently at USD 8.95 billion, equivalent to 6.05 months of import cover.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.40	104.40	98.40	103.40
GBP/KES	130.25	138.25	130.75	137.75
EUR/KES	114.40	121.40	114.90	120.90
AED/KES	25.95	28.95	25.95	28.95

Money Market Rates	Current	Previous	Change
Interbank Rate	4.1135%	4.3308%	-0.217
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

The US dollar fell to a two-week low on Monday as global trade concerns resurfaced after China warned the United States against tariffs and other protectionist measures. The official Chinese news agency Xinhua reported on Monday that if the United States introduces trade sanctions including raising tariffs, all the economic and trade achievements negotiated by the two parties a few weeks ago will be void.

The dollar index, which measures the greenback against six major currencies fell 0.2% to close at 93.95. However, better-than-expected U.S. jobs data last week underlined the strength of the U.S. economy and the near-certainty of a Fed interest rate rise this month and probably a fourth hike this year.

The euro, meanwhile, clawed back some gains as Italy took steps to form a new government and as German Chancellor Angela Merkel said over the weekend that Germany favored moves toward a European Monetary Fund. The euro was up 0.3% to close at \$1.1685, after rising as high as \$1.1730, its highest level since May 24, pulling further away from 2018 lows of \$1.1510 last week.

Meanwhile, the sterling pound fell as concerns about Brexit clouded the outlook for the currency. The British currency fell 0.3% to close at \$1.3305. With time running out for Britain to secure a deal before exiting the European Union next March, diplomats are hoping an EU summit on June 28-29 could break the deadlock.

Elsewhere, global oil prices fell about 2% on Monday, breaking below technical support levels as investors kept selling amid growing U.S. production, possible global supply growth and nagging trade tensions. Brent crude, the global benchmark for oil prices, lost \$1.50 a barrel, or 2%, to settle at \$75.30 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	1.1635	1.1735
GBP/USD	1.3255	1.3355
USD/AED	3.6675	3.6775
USD/JPY	109.40	110.40

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