



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 6<sup>TH</sup> APRIL 2018

### DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Thursday, with offshore investor bids for government debt and tight liquidity in the money market offsetting demand for dollars. The local currency traded at 100.90/101.10, compared to Wednesday's close of 101.00/20.

We expect the local unit to strengthen marginally against the US dollar in the coming week, on the back of increased interbank borrowing of local currency to meet the credit reserve ratio.

Meanwhile, Kenya's private-sector activity improved last month at the fastest pace since January 2016 as new orders sent output to a series record. The Markit Stanbic Bank Kenya Purchasing Managers' Index (PMI) for manufacturing and services jumped to 55.7 in March, from 54.7 in February, reflecting the sharpest improvement in just over two years.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.50	104.50	98.50	103.50
GBP/KES	137.30	145.30	137.80	144.80
EUR/KES	120.10	127.10	120.60	126.60
AED/KES	26.05	29.05	26.05	29.05

Money Market Rates	Current	Previous	Change
Interbank Rate	6.3383%	6.4476%	-0.110
91-Day T-bill	8.006%	8.000%	0.006
182-Day T-Bill	10.318%	10.384%	-0.066
364-Day T-Bill	11.120%	11.130%	-0.010
Inflation	4.18%	4.46%	-0.280
CBR RATE	9.50%	10.00%	-0.50

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The US dollar rose to a two-week high against a currency basket on Thursday, bolstered by a rebound on Wall Street and signs the United States is looking to resolve a trade dispute with China. White House economic adviser Larry Kudlow said on Thursday he expects the United States and China to work out their trade differences over time and that trade barriers likely will come down on both sides. His comments prompted a recovery in the dollar.

In late trading, the dollar index against a basket of six major currencies rose 0.4% to 90.47 to hit a two-week high. Beyond the trade war, investors are focused on today's U.S. non-farm payrolls report, which should determine the future pace of interest rate increases and consequently the dollar's outlook.

The euro edged down 0.35% as the US dollar rebounded to close at \$1.2240.

The sterling pound also fell on Thursday and was set for its biggest daily drop in six weeks thanks to a general dollar rebound and after a survey showed British services growing at their slowest since the Brexit referendum vote. The pound fell 0.7% against the dollar to \$1.3995, its lowest level since March 19.

Elsewhere, global oil prices fell on Thursday after U.S. President Donald Trump's threat of new tariffs on China reignited fears of a trade war between the world's two biggest economies. Brent crude, the international benchmark for oil prices was down 0.7%, at \$67.85 per barrel. While oil market watchers were wary of the brewing trade war between the United States and China, they did not expect to see steep falls amid signs of tightening supplies.

Indicative Profit Rates on Deposits		
Amounts > 10 Million	Amounts >100,000	
	KES	USD
Call	6.75%	1.50%
1 Month	9.00%	2.00%
3 Months	9.50%	2.50%
6 Months	9.75%	3.00%
1 year	10.00%	3.25%

Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.2190	1.2290
GBP/USD	1.3945	1.4045
USD/AED	3.6675	3.6775
USD/JPY	106.80	107.80

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