



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 7TH JUNE 2018

DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the US dollar on Wednesday, supported by health horticulture inflows, rising diaspora remittances and investor inflows amid subdued demand for the greenback from importers. The local currency traded at 100.70/90 compared to Tuesday close of 100.95/101.15. We expect the local unit to remain relatively stable in the short term, supported by horticulture export inflows.

Meanwhile, Kenya's private sector activity growth slowed in May on the back of slower increases in output, new orders and employment. The Markit Stanbic Bank Kenya Purchasing Managers' Index (PMI) for manufacturing and services fell to 55.4 in May from 56.4 in April. Anything above 50 denotes growth; anything below, contraction.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.30	104.30	98.30	103.30
GBP/KES	131.35	139.35	131.85	138.85
EUR/KES	115.35	122.35	115.85	121.85
AED/KES	25.95	28.95	25.95	28.95

Money Market Rates	Current	Previous	Change
Interbank Rate	4.0107%	3.9478%	0.063
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 week low against major global currencies on Wednesday, as it continued to be weighed down by the trading conflict between the US and its trading partners. The dollar index, which measures the greenback against six major currencies fell 0.5% to close at a two week low of 93.50.

However, the economic outlook for the US remains brighter, supported by strong economic data with the Federal Reserve widely expected to raise interest rates for the second time this year on Wednesday next week, despite the looming trade conflict.

The euro rose to a near two-week high against the dollar on Wednesday after officials said the European Central Bank could wind down its stimulus program by the end of the year, as inflation has risen to its target. Having revived growth with an unprecedented 2.55 trillion euro (\$2.99 trillion) bond purchase program, the ECB has been debating whether to end the purchases this year as the threat of deflation has passed and the bloc is on its best growth run in a decade. The common currency posted its largest weekly gain versus the dollar since mid-February, closing at \$1.1790, its highest level since May 22.

The sterling pound also rose against the dollar as better-than-expected data earlier in the week buoyed the pound. However, analysts said the British currency remained stuck in a trading range until there was more clarity about the economy and Brexit talks. The British currency rose 0.2% to close at \$1.3425.

Elsewhere, global oil prices rose on Wednesday to shake off some of the previous session's losses, supported by plunging exports by OPEC-member Venezuela. Brent crude, the global benchmark for oil prices, was up 0.4% to close at \$75.84 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	1.1740	1.1840
GBP/USD	1.3375	1.3475
USD/AED	3.6675	3.6775
USD/JPY	109.45	110.45

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.