



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH JUNE 2018

DOMESTIC NEWS

The Kenyan shilling was relatively stable against the US dollar on Thursday as demand for the greenback from importers was matched by inflows from the horticulture sector and remittances from Kenyans living abroad. The local currency traded at 100.80/101.00, same as Wednesday's close.

We expect the local unit to remain relatively stable in the short term and trade in the 100.50/101.50 range supported by healthy horticulture inflows and improving diaspora remittances. However, we may see it coming under some pressure due to rising global oil prices.

Indicative Forex rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 97.40 | 104.40 | 98.40 | 103.40 |
| GBP/KES | 131.40 | 139.40 | 131.90 | 138.90 |
| EUR/KES | 115.55 | 122.55 | 116.05 | 122.05 |
| AED/KES | 25.95 | 28.95 | 25.95 | 28.95 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 3.7778% | 4.0107% | -0.233 |
| 91-Day T-bill | 7.850% | 7.938% | -0.088 |
| 182-Day T-Bill | 10.061% | 10.196% | -0.135 |
| 364-Day T-Bill | 10.949% | 11.083% | -0.134 |
| 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 wallowed near a three-week low against its peers on Thursday as U.S. Treasury yields fell sharply, while the euro's recovery remained intact amid expectations the European Central Bank will begin unwinding its stimulus programme. The dollar index, which tracks the greenback against a basket of six major currencies, traded 0.3% lower at 93.45 posting its fourth session of losses.

The Fed holds a two-day meeting starting on June 12, at which it is widely expected to raise interest rates for the second time this year. The focus is on whether the central bank will hint at raising rates a total of four times in 2018.

The euro scaled three-week peaks against the dollar on Thursday as investors boosted their bets that the European Central Bank at next week's monetary policy meeting will flag the winding down of its vast bond-buying program by the end of this year. The common currency rose 0.3% to close at \$1.1805, it's highest since May 17.

Meanwhile, the sterling pound reversed earlier gains and fell a quarter of a percent on Thursday as concerns about Brexit negotiations prompted investors to lock in gains after a recent rebound. Headlines about Prime Minister Theresa May's struggles to get her own cabinet to agree on a plan to prevent a hard border on the island of Ireland if Brexit talks fail, pushed the pound 0.25% lower to close at \$1.3420.

Elsewhere, global oil prices rose on Thursday, driven up as Venezuela struggles to meet its supply obligations and by ongoing voluntary output cuts led by producer cartel OPEC. Brent crude, the international benchmark for oil prices, was at \$77.45 per barrel, up 0.2% from their last close.

| 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 | 1.1755 | 1.1855 |
| GBP/USD | 1.3370 | 1.3470 |
| USD/AED | 3.6675 | 3.6775 |
| USD/JPY | 109.15 | 110.15 |

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.