



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 8<sup>TH</sup> MAY 2018

### DOMESTIC NEWS

The Kenyan shilling weakened marginally against the US dollar on Monday as demand for the greenback from oil and retail importers outweighed inflows from the horticulture sector. The local currency traded at 100.25/45, marginally weaker than Friday's close of 100.20/40. We expect the local unit to come under some pressure in the short term due to demand from multinational companies buying dollars to repatriate dividends.

Elsewhere, Kenya's budget deficit is expected to drop to 5.7% of GDP in its 2018/19 fiscal year from 7.2% this fiscal year, according to budget estimates sent to parliament by the Treasury on Monday. The country has been under pressure from bodies such as the International Monetary Fund to cut its gaping budget deficit, which peaked at 9.1% of economic output in the 2016/17 fiscal year. The reduction is expected to strengthen the country's debt sustainability position.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.85	103.85	97.85	102.85
GBP/KES	131.95	139.95	132.45	139.45
EUR/KES	116.05	123.05	116.55	122.55
AED/KES	25.85	28.85	25.85	28.85

Money Market Rates	Current	Previous	Change
Interbank Rate	5.2245%	5.0899%	0.135
91-Day T-bill	7.974%	8.000%	-0.026
182-Day T-Bill	10.269%	10.268%	0.001
364-Day T-Bill	11.145%	11.143%	0.002
Inflation	3.73%	4.18%	-0.450
CBR RATE	9.50%	10.00%	-0.500

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The US dollar rose to hit a 2018 peak against a basket of currencies on Monday as investors increased bets that rising interest rates and inflation in the United States would boost the greenback, while traders unwound their bearish positions on the currency.

The dollar index, which tracks the dollar against a basket of currencies rose to 92.85, it's highest since December. Friday's somewhat disappointing U.S. payrolls report, which showed hiring and wage growth fell short of expectations, did not alter traders' outlook for further rate increases from the Federal Reserve.

The euro broke below \$1.19 for the first time this year on Monday in the aftermath of weaker-than-expected data on German industrial orders and euro zone investor sentiment. The euro shed 0.3% to close at \$1.1910 after touching \$1.1895, the lowest in more than four months.

The British pound held steady at \$1.3545, after bouncing off a four-month low of \$1.3487 set last week. Sterling has slumped in the past fortnight as investors reversed expectations of a rate hike at the Bank of England's upcoming meeting on Thursday amid soft domestic data.

Elsewhere, global oil prices retreated from 3-1/2 year highs on Monday as investors waited on an announcement by President Donald Trump on whether the United States will re-impose sanctions on Iran. Should Trump pull the United States out of a multi-nation agreement on Tehran's nuclear programme, Iranian crude exports could be hit, adding to tightness in the oil market, which is coming back into balance after years of glut. Brent crude, the international benchmark for oil prices, was down 0.8% to close at \$75.54 a barrel.

Indicative Profit Rates on Deposits		
Amounts > 10 Million	Amounts >100,000	
	KES	USD
Call	6.75%	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	1.1865	1.1965
GBP/USD	1.3495	1.3595
USD/AED	3.6680	3.6780
USD/JPY	108.55	109.55

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