



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 9TH MAY 2018

DOMESTIC NEWS

The Kenyan shilling weakened significantly against the US dollar on Tuesday, coming under pressure from the strengthening of the US dollar in the global markets and as local demand for the greenback from importers outweighed supply from the horticulture sector. The local currency traded at 100.40/60, compared to Monday's close of 100.25/45.

We expect the local currency to remain under pressure in the short term due to demand from multinational companies buying dollars to repatriate dividends, but we expect it to receive support from the Central Bank's high forex reserves, currently at USD 9.5 billion, equivalent to 6.4 months of import cover, in case of high volatility.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.00	104.00	98.00	103.00
GBP/KES	132.05	140.05	132.55	139.55
EUR/KES	115.65	122.65	116.15	122.15
AED/KES	25.85	28.85	25.85	28.85

Money Market Rates	Current	Previous	Change
Interbank Rate	4.9032%	5.2245%	-0.321
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 U.S. dollar rose to its highest level this year against a basket of global currencies on Tuesday as crude oil prices rallied and pushed Treasury yields higher after U.S. President Donald Trump pulled out from the international nuclear deal with Iran, raising the risk of conflict in the Middle East and upsetting European allies. The greenback also gained on the euro as concerns about Italian political turmoil hurt the common currency.

The dollar index, which tracks the greenback against a basket of six major currencies, hit 93.280, its highest level since December.

The euro declined 0.5% to \$1.1855 after hitting \$1.1835 earlier, its weakest level since late December. The common currency, already under pressure from weak economic indicators and widening U.S.-euro zone interest rate differentials, was hit by political developments in Italy after Italian President Sergio Mattarella's call to bickering political parties to rally behind a neutral government were met with immediate opposition and raised the prospect of elections being held as early as July.

The sterling pound also declined to \$1.3530, its lowest level since Jan. 11. The British pound has fallen heavily in recent weeks on expectations the BoE would not, as earlier believed, tighten monetary policy because of a relatively weak economy and as investors piled into a rallying dollar.

Meanwhile, global oil prices rose more than 2% on Tuesday, with Brent hitting a 3-1/2-year high, after U.S. President Donald Trump abandoned the nuclear deal with Iran, likely curbing the OPEC member's crude exports in an already tight market. Brent crude, the international benchmark for oil prices, rose to a session high of \$76.75 per barrel, their highest since November 2014.

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	1.1805	1.1905
GBP/USD	1.3480	1.3580
USD/AED	3.6680	3.6780
USD/JPY	108.95	109.95

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