

## TREASURY MARKET UPDATE 17TH MAY 2019

## **DOMESTIC NEWS**

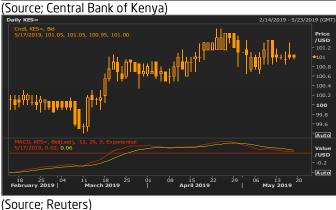
The shilling strengthened marginally against the U.S Dollar, supported by muted demand for the greenback from oil importers. Sign of tightening liquidity conditions locally as the new cash reserve ratio cycle for banks commenced may have also supported the local unit which closed 5 cents stronger on the day at 101.00/20.

CBK was in the market to support liquidity where they injected KES 17.5 billion for 7 days through Reverse repos. Elsewhere, Kenya expects to finalize a deal with the International Monetary Fund in discussing a new standby credit facility. The previous \$1.5 billion facility expired last year when the government failed to meet the Fund's conditions for an extension, including the repeal of rate capping legislation.

## **Indicative Forex rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.60	104.60	98.65	103.65
GBP/KES	125.99	133.99	126.49	133.49
EUR/KES	109.88	116.88	110.38	116.38
AED/KES	26.04	29.04	26.04	29.04

Money Market Rates	Current	Previous	Change
Interbank Rate	5.429%	5.665%	- 0.226
91-Day T-bill	7.160%	7.196%	-0.036
182-Day T-Bill	7.814%	7.897%	-0.083
364-Day T-Bill	9.312%	9.316%	-0.004
Inflation	6.58%	4.35%	2.230
CBR RATE	9.00%	9.00%	0.000



## **INTERNATIONAL NEWS**

The GBP was under pressure after reports that U.K. Prime Minister Theresa May will step down over the summer regardless of whether her Brexit withdrawal agreement passes. The prime minister has previously said she would step down if the plan is passed. There are indications the on-going Brexit talks between Prime Minister Theresa May's Conservatives and the opposition Labour Party are about to close without an agreement.

The GBPUSD fell 0.02% to close at 1.2791.

The Euro is on the back foot, having breached key ascending trendline support yesterday and risks falling to levels below 1.1150 as risky assets are taking a hit on reports stating that China is no longer interested in trade talks with the US.

Elsewhere, China's stockpile of U.S. government notes, bonds and bills fell by \$67.2 billion, a 5.6% decline, after data showed that China sold off its U.S. Treasury holdings at the fastest pace in about two years during March. The safe-haven demand for the Japanese currency was boosted after latest reports from the Chinese media cited that China is no longer interest in the trade talks with the US and would rather suspend the ongoing negotiations on lack of sincerity from the US.

Oil futures firmed into a fourth session as rising tensions in the Middle East stoked fears of potential supply disruptions. A meeting of OPEC's ministerial monitoring committee in Saudi Arabia this weekend is expected to assess member states' commitment to a deal reducing oil production. Brent oil futures gained 0.30% to \$72.81.

Indicative Profit Rates on Deposits						
Amounts > 10	Million	Amounts >100,000				
K	ES	USD				
2 Weeks	6.50%	2.00%				
1 Month	7.00%	2.50%				
3 Months	8.00%	2.75%				
6 Months	8.50%	3.50%				
1 year	9.00%	3.75%				
Indicative Cross Rates						
Bid		Offer				
EUR/USD	1.1125	1.1325				
GBP/USD	1.2710	1.2890				
USD/AED	3.6675	3.6775				
USD/JPY	109.15	110.30				

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