



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

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

(Source: Central Bank of Kenya)



(Source: Reuters)

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	
	KES	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

For more details, contact our Treasury staff- 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.