



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 2ND MAY 2019

DOMESTIC NEWS

Surging dollar inflows from diaspora remittances and offshore investors buying government debt saw the Kenya shilling strengthen further against the greenback on Tuesday amid slowing end month dollar demand from importers. By close of business, the local currency had gained 15 cents to the dollar to trade at 101.10/30, compared to the opening level of 101.25/45. We expect the shilling to remain relatively stable against the dollar in the short term.

Meanwhile, Kenya's inflation shot up to 6.58% year-on-year in April - the highest since September 2017 - from 4.35% a month earlier due to rising food, electricity and fuel prices, the statistics office said on Tuesday. On a month-on-month basis, inflation was 3.51%, up from 1.60% in March. The food and non-alcoholic index rose 6.86% month-on-month in April from 3.30% the previous month. The index carries a 36.04% weight in the basket of goods used to measure inflation.

Indicative Forex rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 97.70 | 104.70 | 98.70 | 103.70 |
| GBP/KES | 128.10 | 136.10 | 128.60 | 135.60 |
| EUR/KES | 109.95 | 116.95 | 110.45 | 116.45 |
| AED/KES | 26.05 | 29.05 | 26.05 | 29.05 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 5.9399% | 5.9051% | 0.035 |
| 91-Day T-bill | 7.298% | 7.305% | -0.007 |
| 182-Day T-Bill | 8.006% | 8.042% | -0.036 |
| 364-Day T-Bill | 9.315% | 9.354% | -0.039 |
| Inflation | 6.58% | 4.35% | 2.230 |
| CBR RATE | 9.00% | 9.50% | -0.500 |

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar rose against a basket of other currencies on Wednesday, rebounding from earlier losses tied to a disappointing report on U.S. manufacturing activity, as U.S. Federal Reserve Chairman Jerome Powell said the central bank's current policy stance is appropriate, reducing expectations for a rate cut.

In late U.S. trading, the dollar index that tracks the dollar against six major currencies was up 0.1% at 97.60.

The euro made further gains against the dollar on Wednesday to trade above \$1.12, after relatively strong economic growth data in the euro zone prompted some short covering from hedge funds that have been betting against the single currency. On the day, the common currency was up 0.2% to settle at \$1.1210.

Meanwhile, the sterling pound hit a two-week high against the greenback on Wednesday as investors sensed in comments by Prime Minister Theresa May signs of progress in Brexit talks between the British government and the main opposition party. On the day, the pound was up 0.8% to settle at \$13050. The next turning point for the currency could be a Bank of England policy meeting on Thursday though markets do not expect the BOE to raise interest rates until early 2020 when there could be more clarity on Brexit.

Elsewhere, global oil prices dipped in early trading on Thursday after data showed record U.S. crude oil production, which resulted in a surge in stockpiles. Outside the United States, however, oil markets remained tense as all exemptions to U.S. sanctions on Iran expire, the political crisis in Venezuela escalates, and as producer club OPEC keeps withholding supply. Brent crude futures were last at \$72.00 per barrel, down 0.1% from their last close.

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 | 1.1160 | 1.1260 |
| GBP/USD | 1.3000 | 1.3100 |
| USD/AED | 3.6675 | 3.6785 |
| USD/JPY | 111.05 | 112.05 |

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.