



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 6TH MAY 2019

DOMESTIC NEWS

Tight liquidity conditions in the local money market saw the Kenyan shilling weaken marginally against the U.S. dollar on Friday as banks offloaded their long dollar positions to fund their local currency positions. By close of business, the local currency had shed 25 cents to the dollar to settle at 101.00/20, moving away from a three-week high of 100.75/95 set on Thursday.

We expect the local unit, which has gained 0.8% against the greenback on a year-to-date (YTD) basis, to remain relatively stable in the short term as healthy inflows from horticulture exports and remittances offset tight liquidity in the money market, which has seen the overnight interbank lending rate rise to a high of over 6% compared to a low of below 3% witnessed two weeks ago.

Indicative Forex rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 97.60 | 104.60 | 98.60 | 103.60 |
| GBP/KES | 128.65 | 136.65 | 129.17 | 136.17 |
| EUR/KES | 109.65 | 116.65 | 110.15 | 116.15 |
| AED/KES | 26.00 | 29.00 | 26.00 | 29.00 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 6.0834% | 6.0509% | 0.033 |
| 91-Day T-bill | 7.250% | 7.298% | -0.048 |
| 182-Day T-Bill | 7.958% | 8.006% | -0.048 |
| 364-Day T-Bill | 9.320% | 9.315% | 0.005 |
| 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 fell against a basket of currencies on Friday as traders focused on the weaker aspects in the April U.S. payrolls report, brushing aside stronger-than-forecast hiring and a drop in the jobless rate to the lowest in more than 49 years.

In late U.S. trading, the dollar index that tracks the greenback against a basket of six currencies, was 0.3% lower to settle at 97.55, adding to its weekly decline of about 0.5%. The greenback also came under pressure when a measure of U.S. services activity from the Institute for Supply Management posted a surprise drop to a 20-month low in April.

The euro was up 0.2% against the weaker dollar to close at \$1.1190, gaining 0.4% versus the greenback on the week.

The sterling pound, meanwhile, surged past \$1.31 on Friday after the leader of Britain's opposition party said parliament must break the deadlock over Brexit and get a deal done to exit the European Union. Against the dollar, the pound surged 0.65% to settle at \$1.3120, a one-month high. Trading in the pound has become far less volatile as investors sit on the sidelines while British politicians try to find a way out of a deadlock over Brexit. Britain will not leave the EU until possibly the end of October after London and Brussels agreed to a delay.

Elsewhere, global oil prices tumbled by more than 1.5% in early trading on Monday after U.S. President Donald Trump on Sunday said he would sharply hike tariffs on Chinese goods this week, risking derailing months of trade talks between the world's two biggest economies. Brent crude oil futures were at \$69.30 per barrel, down 1.56% 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 | 1.1140 | 1.1240 |
| GBP/USD | 1.3070 | 1.3170 |
| USD/AED | 3.6675 | 3.6785 |
| USD/JPY | 110.30 | 111.30 |

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.