



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 9TH MAY 2019

DOMESTIC NEWS

Surging dollar demand from oil importers saw the Kenyan shilling remain under pressure against the U.S. dollar in active trading on Wednesday. By close of business, the local currency stood at 101.10/30, marginally weaker than the opening level of 101.00/20. We, however, expect the local currency to remain relatively stable against the greenback in the short term, supported by dollar inflows from foreign investors buying the newly auctioned government securities.

Meanwhile, on Wednesday, the Central bank of Kenya sold KES 58.5 billion worth of the new 5-year and 15-year treasury bonds against a target of KES 50 billion, after receiving bids worth KES 70.8 billion for the two issues. The yields for the 5-year and 15-year issues came in at 10.872% and 12.734% respectively, compared to 11.304% and 12.768% as at the last sale.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.70	104.70	98.70	103.70
GBP/KES	127.65	135.65	128.15	135.15
EUR/KES	109.85	116.85	110.35	116.35
AED/KES	26.05	29.05	26.05	29.05

Money Market Rates	Current	Previous	Change
Interbank Rate	6.5629%	6.3810%	0.182
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 was roughly flat against major global currencies except the pound on Wednesday as traders held off from making big moves as they weighed news about progress in the trade talks between the U.S. and China. Unlike previous episodes of trade tensions when the dollar benefited from an increase in trade tensions between the world's two biggest economies, the latest threat to raise tariffs on Chinese imports has prompted market strategists to also consider the corrosive impact on the U.S. economy.

Markets were nervously awaiting the start of two-day trade talks in Washington to see if Chinese negotiators could convince the White House to back down on the threatened tariff hike.

The euro was relatively stable at \$1.1190 against the dollar and within recent ranges as currency traders remained undecided on the inflationary outlook for the euro zone economy and the latest developments on the trade war front.

Meanwhile, the sterling pound slumped to a one week low against the dollar on signs that Brexit talks between Britain's government and the main opposition party may soon collapse. The pound has been falling as negotiations between the Conservative and Labour Parties lumber on with little success and as concerns grow about a challenge to Prime Minister Theresa May's leadership. On the day, the pound was down 0.45% to settle at \$1.3010.

Elsewhere, oil prices dropped 0.5% on Thursday amid concerns over the escalating trade battle between the U.S. and China, despite a surprise fall in U.S. crude stockpiles. Brent crude oil futures settled at \$69.85 a barrel, down 40 cents from their previous settlement.

Indicative Profit Rates on Deposits

	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

	Indicative Cross Rates	
	Bid	Offer
EUR/USD	1.1140	1.1240
GBP/USD	1.2960	1.3060
USD/AED	3.6675	3.6785
USD/JPY	109.60	110.60

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