



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST MAY 2018

DOMESTIC NEWS

After holding steady earlier in the week, the shilling closed the week marginally weaker versus the dollar, as positions adjustments by banks ahead of the weekend weighed on. The local unit was posted 10 cents weaker on Friday as traders closed their positions amid a rise in dollar buying from importers. The USDKES pair was posted at 100.40/60 compared to the previous day's close of 100.30/50.

We think increased buying of dollar by corporate clients to meet end month obligations could exert some pressure on the shilling this week to trade in the 100.25-101.25 range.

Indicative Forex rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 97.00 | 104.00 | 98.00 | 103.00 |
| GBP/KES | 131.01 | 139.01 | 131.51 | 138.51 |
| EUR/KES | 114.57 | 121.57 | 115.07 | 121.07 |
| AED/KES | 25.86 | 28.86 | 25.86 | 28.86 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 5.8252% | 5.6426% | 0.212 |
| 91-Day T-bill | 7.950% | 7.967% | -0.017 |
| 182-Day T-Bill | 10.257% | 10.265% | -0.008 |
| 364-Day T-Bill | 11.127% | 11.141% | -0.014 |
| Inflation | 3.73% | 4.18% | -0.450 |
| CBR RATE | 9.50% | 10.00% | -0.500 |

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The dollar's bullish run stalled on Friday as the bond yields fell marginally. U.S. 10-year Treasury yields declined from a near seven-year high as buyers emerged following a bond market selloff earlier this week spurred by worries about growing inflation and government borrowing.

Benchmark 10-year notes closed lower at 3.0688% on Friday, from 3.109% posted the previous day while the dollar index was marginally lower.

Elsewhere, political uncertainty in Italy weighed on the country's stocks and bonds as well as the euro on Friday. A volatile week for Italian markets continued as two anti-establishment parties pledged to increase spending in a deal to form a new coalition government.

Major European stock markets fell. The pan-European FTSEurofirst 300 index lost 0.29%. The euro fell 0.17% to \$1.1773 and was on track for a fifth session of declines as slump in investors' confidence as larger fiscal deficit and greater bond issuance in Italy looks likely when the new government is formed.

Oil prices fell on Friday as traders took some profit on recent rally even as Brent crude posted a sixth straight week of gains. Brent futures for July delivery fell 26 cents or 0.3% to \$79.04 a barrel.

The global benchmark- Brent broke through \$80 for the first time since November 2014 during the week and investors anticipate more gains due to supply concerns, at least in the short-term. Brent has gained about 20% since the start of 2018.

| Indicative Profit Rates on Deposits | | |
|-------------------------------------|----------------------|------------------|
| | Amounts > 10 Million | Amounts >100,000 |
| | KES | USD |
| Call | 7.00% | 2.00% |
| 1 Month | 8.50% | 2.25% |
| 3 Months | 9.25% | 2.75% |
| 6 Months | 9.50% | 3.25% |
| 1 year | 10.00% | 3.50% |
| Indicative Cross Rates | | |
| | Bid | Offer |
| EUR/USD | 1.1700 | 1.1800 |
| GBP/USD | 1.3400 | 1.3500 |
| USD/AED | 3.6665 | 3.6765 |
| USD/JPY | 110.80 | 111.80 |

For more details, contact our Treasury staffs- 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.