



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 1<sup>ST</sup> MARCH 2018

### DOMESTIC NEWS

The Kenyan shilling gained more ground against the U.S. dollar to close the Wednesday session at a week high as it recovered from a losing streak due to weak demand for the greenback from importers amid a steady rise in inflows from horticulture exports and diaspora remittances. The local currency traded at 101.30/50, compared to Tuesday's close of 101.55/75.

We expect the local currency to remain relatively stable in coming days but could come under pressure due to end month demand from oil, retail and manufacturing exporters.

Meanwhile, Kenya's inflation marginally fell in February to 4.46%, its lowest level since May 2013, compared to 4.83% in January, according to data from the Kenya Bureau of Statistics. Food and Non-Alcoholic Drinks' Index increased by 2.22% mainly due to increases in prices of some foodstuffs. The year-on-year food inflation, however, decreased from 4.71% in January 2018 to 3.83% in February 2018.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.90	104.90	98.90	103.90
GBP/KES	135.45	143.45	135.95	142.95
EUR/KES	120.15	127.15	120.65	126.65
AED/KES	26.10	29.10	26.10	29.10

Money Market Rates	Current	Previous	Changes
Interbank Rate	4.7183%	4.6888%	0.030
91-Day T-bill	8.032%	8.033%	-0.001
182-Day T-Bill	10.395%	10.403%	-0.008
364-Day T-Bill	11.131%	11.154%	-0.023
Inflation	4.46%	4.83%	-0.370

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The US dollar rose to five-week highs on Wednesday, boosted by an upbeat assessment of the U.S. economy from the Federal Reserve's new chairman, which raised expectations the central bank could aggressively increase interest rates over the next two years.

The dollar index, which measures the greenback against six major currencies, rose 0.3% to 90.70. Fed Chairman Jerome Powell struck an optimistic tone about the U.S. economy on Tuesday, fueling views the Fed would raise rates four times this year rather than three. His comments boosted U.S. Treasury yields, pressured stocks, and lifted the dollar.

Meanwhile, the euro fell after the euro zone inflation slowed to a 14-month low in February, underlining the European Central Bank's caution in removing stimulus despite growth exceeding expectations. The euro fell to a six-week low and was last down 0.3% at \$1.2195.

The sterling pound also fell below \$1.38 after the EU's chief Brexit negotiator said a transition deal was not guaranteed and the prime minister said the EU's draft legal text would undermine Britain. The pound extended losses to trade down as much as 1% at \$1.3750.

Elsewhere, global oil prices fell on Wednesday, after official data showed a larger-than-expected increase in U.S. crude inventories and a surprise build in gasoline stocks. Brent crude, the international benchmark for oil prices, fell almost 2% to close at \$64.60 a barrel.

#### Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
Call	7.00%	1.50%		
1 Month	9.50%	2.00%		
3 Months	9.75%	2.50%		
6 Months	10.00%	3.00%		
1 year	10.25%	3.25%		

#### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.2145	1.2245
GBP/USD	1.3700	1.3800
USD/AED	3.6675	3.6775
USD/JPY	106.30	107.30

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