



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND MARCH 2018

DOMESTIC NEWS

The Kenyan shilling strengthened against the US dollar on Wednesday helped by thin demand and positive market sentiment following a boost to central bank foreign currency reserves by proceeds from the Eurobond sale. The local unit traded at 100.95/101.15, compared to Wednesday's close of 101.10/30.

We expect the local unit to remain bullish in the short term, supported by health inflows from horticulture exports and diaspora remittances amid low demand for the greenback from importers. However, we expect an uptick in demand from importers and multinational companies paying dividends to offshore investors to put some pressure on the shilling towards the end of the month.

Elsewhere, the Central Bank yesterday sold KES 23.065 billion worth of 5-year Treasury bond at 12.229% compared to 12.581% at last sale and KES 8.49 billion worth of 20-year Treasury bond at 13.336% compared to 14.601% previously.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.55	104.55	98.55	103.55
GBP/KES	139.05	147.05	139.55	146.55
EUR/KES	121.35	128.35	121.85	127.85
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	4.7626%	4.6423%	0.120
91-Day T-bill	8.023%	8.026%	-0.003
182-Day T-Bill	10.401%	10.385%	0.016
364-Day T-Bill	11.128%	11.128%	0.000
Inflation	4.46%	4.83%	-0.370
CBR RATE	9.50%	10.00%	-0.50

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The US dollar recorded its largest one-day loss in two months against a basket of currencies on Wednesday as Federal Reserve officials stuck to their view of three rate increases for 2018 as they wait to see a further pickup in inflation. The U.S. central bank as expected delivered a quarter point rate hike to lift its target range on key borrowing costs to 1.50-1.75%. However, it disappointed currency traders who had bet it was prepared to raise rates perhaps four times this year as the jobs market approaches full employment.

The dollar index, which tracks the greenback against a basket of six currencies, fell 0.693 points or 0.77%, to 89.58. It booked its steepest one-day drop since Jan. 24 when it fell 1%.

The euro rose nearly 1% against the weaker US dollar, for its biggest one-day gain in nearly two months to close at \$1.2360.

Meanwhile, the sterling pound rose more than 1% against a weaker dollar to trade within reach of a one-month high after data showed British workers' pay rose at the fastest pace in nearly 2-1/2 years in the three months to January, cementing expectations the central bank will raise interest rates in May. The pound extended gains after the data to peak at \$1.4155.

Elsewhere, global oil prices hit a six-week high on Wednesday, closing in on a 3-year peak set in late January, on a surprise decline in U.S. inventories, strong compliance on OPEC production cuts, and persistent concern related to the Iran nuclear deal. Brent crude, the international benchmark for oil prices, rose \$2.05, or 3%, to settle at \$69.47, nearly a 7-week high

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	1.2310	1.2410
GBP/USD	1.4105	1.4205
USD/AED	3.6675	3.6775
USD/JPY	105.40	106.40

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