



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD MARCH 2018

DOMESTIC NEWS

The Kenya shilling rose against the US dollar to hit its highest level in nearly five weeks on Thursday, boosted by high dollar inflows from investors abroad buying into the debt and stock market. The local unit traded at 100.85/101.05, marginally stronger than Wednesday's close of 100.95/101.15.

We expect the local currency to remain bullish in the short term, helped by foreign investors' interest in stocks and the positive sentiments due to the central bank's robust foreign exchange reserves.

Meanwhile, Kenya is setting the stage for the removal of interest rate caps set in September 2016, with a central bank research showing the ceiling has impacted negatively on the economy. The bank in readiness for the scrapping of the law announced Wednesday that it carried out a study and found the caps have done more bad than good.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.45	104.45	98.45	103.45
GBP/KES	138.45	146.45	138.95	145.95
EUR/KES	121.05	128.05	121.55	127.55
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	5.3084%	4.7626%	0.546
91-Day T-bill	8.005%	8.023%	-0.018
182-Day T-Bill	10.385%	10.401%	-0.016
364-Day T-Bill	11.126%	11.128%	-0.002
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 dollar held near a one-month low against a basket of currencies on Thursday as investors digested the implications of a generally dovish outlook from the U.S. Federal Reserve after it raised interest rates by a quarter point as widely expected. Escalating rhetoric on trade also put pressure on the dollar as China accused the U.S of repeatedly abusing trade practices as it braced for U.S. tariffs worth as much as \$60 billion on Chinese imports, which were announced on Thursday by the Trump presidency.

The dollar against a basket of six major currencies was 0.1% lower at 89.60.

The euro found itself on the back foot after surveys showed euro zone businesses were feeling the heat from a strong currency. The single currency traded 0.2% lower at \$1.2335. Preliminary purchasing managers' index numbers (PMIs) for March showed euro zone businesses had their slowest growth in more

Meanwhile, the sterling pound spiked above \$1.42 on Thursday, after two Bank of England policymakers unexpectedly backed an interest rate increase before falling back as investors focused on the likelihood that rates will rise only very slowly. It ended up at \$1.4110, below where it had traded before the BoE's Monetary Policy Committee voted 7-2 to keep its main rate at 0.5%.

Elsewhere, global oil prices rose on Thursday, pushed up by Saudi statements that OPEC and Russian led production curbs that were introduced in 2017 will need to be extended into 2019 in order to tighten the market. Brent crude, the international benchmark for oil prices, was last at \$69.64 per barrel, up 73 cents, or 1.1% from the previous close.

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	1.2285
GBP/USD	1.4060	1.4160
USD/AED	3.6675	3.6775
USD/JPY	104.25	105.25

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