

TREASURY MARKET UPDATE 26th MARCH 2018

DOMESTIC NEWS

The shilling maintained its bullish run and closed the week strong against the dollar, boosted by positive sentiment, improved dollar inflows amid depressed dollar demand. The local unit was 5 cents stronger on the day to close at 100.80/101.00 compared to 100.85/101.05 posted on the previous day.

While we expect the local currency to remain strong in the short term, end of month dollar demand in the last week on March could temporarily halt the local unit's further ascent. However, the forces of demand and supply will determine where the USDKES pair close the month. We see the 100.50-101.50 trading levels holding in calm trading this week.

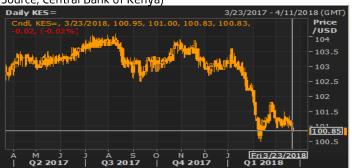
Meanwhile, the rates in the overnight money market rose marginally to close at an average of 6.11% from 5.30% posted on Thursday.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.45	104.45	98.45	103.45
GBP/KES	138.90	146.90	139.40	146.40
EUR/KES	121.31	128.31	121.81	127.81
AED/KES	25.99	28.99	25.99	28.99

Money Market Rates	Current	Previous	Change
Interbank Rate	6.110%	5.308%	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

Global markets were shaken after U.S. President Donald Trump moved to impose tariffs on Chinese goods, which pushed the world's two largest economies closer to a trade war. Consequently, the dollar hovered near a one-month low against a basket of major currencies on Friday and was on course for its biggest weekly drop as investors worried that escalating trade tensions could hurt global growth sold the greenback for other safer currencies.

To be sure, China urged the United States on Friday to "pull back from the brink" as President Donald Trump's plans for tariffs on up to \$60 billion in Chinese goods moved the world's two largest economies closer to a trade war. The yen, often viewed as a safehaven currency in times of market turbulence and economic uncertainty, partly because of the resilience provided by Japan's current account surplus, rose to a 16-month high vs the dollar.

The dollar index, which measures the greenback against a basket of six other major currencies, was down 0.3% at 89.585 and was down 0.7% for the week.

The greenback was down 0.1% at 105.15 yen. GBP was up 0.47% after hints that the Bank of England Will probably need to rise once or twice a year over the next few years, with investors now expecting a rate hike in May.

Boosted by expectations that OPEC-leader Saudi Arabia may extend supply cuts into 2019 and concerns that the United States may re-introduce sanctions against Iran, Oil prices rose this morning with Brent crude futures opening above \$70 per barrel for the first time since January. However, concerns about looming trade dispute between the USA and China could cap further rise.

Indicative Profit Rates on Deposits					
Amounts > 10 M	1illion	Amounts >100,000			
k	ŒS	USD			
Call	6.75%	1.50%			
1 Month	9.00%	2.00%			
3 Months	9.00%	2.50%			
6 Months	9.75%	3.00%			
1 year	10.25%	3.25%			
Indicative Cross Rates					
	Bid	Offer			
EUR/USD	1.2320	1.2420			
GBP/USD	1.4100	1.4200			
USD/AED	3.6675	3.6775			
USD/JPY	104.50	105.50			

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.