



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 27th MARCH 2018

DOMESTIC NEWS

The local currency held steady against the dollar in thin trading as inflows continues to weigh dollar demand. As investment environment continues to improve, offshore investors have continued to pick Kenyan equities and bonds pumping in foreign currency which has bolstered the shilling's fortunes in the recent past.

The USDKES pair was posted at 100.80/101.00, unchanged from Friday's close. We maintain our view that the Kenyan unit will close the month in the 100.50-101.50 trading range, in calm trading ahead of Easter holiday break on Friday this week.

Meanwhile, liquidity in the overnight money market tightened further yesterday, which prompted CBK to inject KES 2.5 billion in the market to address skewness in liquidity distribution. Overnight rates closed at an average rate of 5.81% compared to 6.11% reported on the previous day.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.40	104.40	98.40	103.40
GBP/KES	139.58	147.58	140.08	147.08
EUR/KES	122.13	129.13	122.63	128.63
AED/KES	25.96	28.96	25.96	28.96

Money Market Rates	Current	Previous	Change
Interbank Rate	5.810%	6.110%	-0.300
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 U.S. dollar slipped to a 5-week low against a basket of major currencies yesterday, as optimism that the United States and China are set to begin negotiations on trade helped ease fears of a trade war and investors' appetite for risk improved.

Reports of behind-the-scenes talks between the United States and China have eased concerns for now that global trade frictions could escalate out of control, with traders hoping any actual U.S. measures will be much more modest than first announced

The dollar index fell 0.42% at 89.064, while the euro was up 0.77% against the greenback, largely benefiting from the dollar's broad-based weakness. Latest comments from Jens Weidmann, Germany's likely candidate who is likely to become the European Central Bank's next president, also offering some support

Elsewhere, the UK Pound traded briefly at its highest level against the dollar since Feb. 2, as investor confidence that the Bank of England would raise interest rates in May increased. The pound climbed as much as 0.7% to \$1.4235.

Concerns that tensions in the Middle East could lead to oil supply disruptions pushed crude prices higher this morning. Additionally, hopes that behind-the-scenes talks between the United States and China will prevent a looming trade war between the world's two biggest economies was positive for oil futures market.

Brent crude futures opened trade at \$70.25 per barrel, up 0.2% on the day. On month to date performance, Brent crude oil futures have risen 6.9%.

Indicative Profit Rates on Deposits

	Amounts > 10 Million	Amounts >100,000
	KES	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	1.2400	1.2500
GBP/USD	1.4200	1.4300
USD/AED	3.6675	3.6775
USD/JPY	105.25	106.25

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