



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28th MARCH 2018

DOMESTIC NEWS

In slow and balanced trading, the shilling maintained its bullish poise versus the greenback and closed unchanged yesterday. The local currency was well supported by inflows from both horticultural exports and offshore investors interested in equities and government debt.

Yesterday marked the second day the local unit has traded at 100.80/101.00 and the market will now seek for new trading levels. Barring any sudden spike in end of month dollar demand, we see the USD/KES pair trading at the same levels today and close the month in the 100.50-101.50 range in the remaining days for the end of quarter one of 2018.

Meanwhile, liquidity conditions improved in the money market further yesterday. The average overnight rate dropped marginally to 5.68% from 5.81% reported on Monday.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.30	104.30	98.30	103.30
GBP/KES	139.11	147.11	139.11	146.61
EUR/KES	121.53	128.53	122.03	128.03
AED/KES	25.94	28.94	25.94	28.94

Money Market Rates	Current	Previous	Change
Interbank Rate	5.675%	5.810%	-0.135
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

Even as the global markets keep an eye on surprises around the US trade policy under President Trump administration, the U.S. dollar posted modest recovery yesterday, coming off the five-week low as concerns of a global trade war somewhat eased. News the US and China were set to begin trade negotiations somehow soothed market nerves.

The dollar index, which measures the greenback against a basket of six other major currencies, was up 0.38% at 89.364, after slipping to a five-week low of 88.942.

Against the JPY, the US currency was 0.2% higher at 105.55 after trading at a high of 106 yesterday. Elsewhere, the Euro lost 0.3% yesterday weighed by weak euro zone economic data and dovish comments from one of the ECB governing council member, which reignited concerns that the ECB will delay monetary policy tightening. The euro Zone single currency was posted at \$1.2411.

To be sure, the European Central Bank Governing Council member Erkki Liikanen was quoted saying that underlying euro zone inflation may remain lower than expected even if growth is robust.

Crude prices were on a dip yesterday, weighed by a report that showed increasing US crude inventories. Brent crude futures fell below \$70 level to trade at \$69.65 per barrel, down 0.70% on the day after the American Petroleum Institute (API) reported a surprise 5.3-million barrels rise in US crude stocks for the week ended 23rd March.

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	1.2350	1.2450
GBP/USD	1.4150	1.4250
USD/AED	3.6675	3.6775
USD/JPY	105.00	106.00

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