



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 2nd MARCH 2018

DOMESTIC NEWS

Boosted by dollar inflows amid slow dollar demand, the shilling gained further grounds versus the greenback in calm trading yesterday and maintained its recent bullish trend. The local unit was up 10 cents at the close of trade as market waits for the proceed of the recently issued Eurobond. The USDKES pair was posted at 101.20/40 compared to 101.30/50 posted in the previous day.

Barring any surgent surge in dollar demand, we expect the shilling to remain bullish and retest the 101 flat levels as the market seeks for fresh factors. However, dividend pay outs by multinationals which is likely to start by end of March could check further Shilling gains as companies make payout in foreign currency.

Elsewhere, the yields on short term Treasury bills dropped marginally in yesterday's auction. Yields stood at 8.029%, 10.393% and 11.135% for the 91,182 and 364-day T-Bills respectively.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.80	104.980	98.80	103.80
GBP/KES	135.63	143.63	136.13	143.13
EUR/KES	120.88	127.88	121.38	127.38
AED/KES	26.08	29.08	26.08	29.08

Money Market Rates	Current	Previous	Changes
Interbank Rate	4.7183%	4.6888%	0.030
91-Day T-bill	8.029%	8.032%	-0.001
182-Day T-Bill	10.393%	10.395%	-0.008
364-Day T-Bill	11.135%	11.131%	-0.023
Inflation	4.46%	4.83%	-0.370

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The dollar suffered a broad sell off yesterday after U.S. President Donald Trump's decision to impose tariffs on steel and aluminum took the wind out of the greenback's week-long recovery. Trump announced he would impose steep tariffs on imported steel and aluminum saying the tariffs would protect U.S. industry. Consequently, the dollar and Wall Street shares slumped as the plan sparked fears of an imminent trade war and worries about its potentially negative impact on the world's largest economy.

Prior to Trump's announcement, the dollar had enjoyed a rebound from three-year lows touched in February as hawkish-sounding comments by new Fed Chair Jerome Powell reinvigorated hopes the Fed would raise rates as much as four times this year.

Against the JPY, the dollar fell 0.15% at 106.065, having slid for the past two sessions against the Japanese currency, which tends to gain in times of risk aversion and equity market weakness.

The euro was up 0.1% to \$1.2276 and the focus for the euro will shift to the Italian parliamentary election scheduled on Sunday and politics in Germany where the leading political parties will decide on a coalition deal on Sunday that would secure Angela Merkel a fourth term as chancellor. The GBP was flat at \$1.3780 as the market waits for Theresa May views on how to keep trade open between all of the United Kingdom and the EU in a key speech due later today.

Elsewhere, Oil fell more than 1% yesterday, touching two-week lows, weighed down by falling stock markets and worries about surging U.S. crude output. Brent was posted at \$63.9 per barrel.

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	1.2245	1.2345
GBP/USD	1.3750	1.3850
USD/AED	3.6680	3.6780
USD/JPY	105.30	106.30

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