



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 7<sup>TH</sup> MARCH 2018

### DOMESTIC NEWS

The Kenyan shilling was little changed against the US dollar on Tuesday supported by low demand for the greenback from importers amid health inflows from horticulture imports and diaspora remittances. The local currency traded at 101.20/40, marginally stronger than Monday's close of 101.25/45.

As we expect the local currency to remain stable in the short term, we see it coming under pressure in the medium term as multinational companies start remitting dividend payments towards the end of March.

Meanwhile, a plan by Kenya to impose 16% value added tax (VAT) on petroleum products in the third quarter of this year could push up inflation to at least 8%, according to analysts. The taxation, which is expected to start in September, will add some 0.17 U.S. dollars on the cost of every litre of kerosene, diesel and petrol. The move was part of a deal between the government and the IMF two years ago to help reduce budget deficit.

#### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.80	104.80	98.80	103.80
GBP/KES	136.75	144.75	137.25	144.25
EUR/KES	122.25	129.25	122.75	128.75
AED/KES	26.10	29.10	26.10	29.10

Money Market Rates	Current	Previous	Changes
Interbank Rate	4.5418%	4.5657%	-0.024
91-Day T-bill	8.029%	8.032%	-0.003
182-Day T-Bill	10.393%	10.395%	-0.002
364-Day T-Bill	11.135%	11.131%	0.004
Inflation	4.46%	4.83%	-0.370

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The dollar US fell against major currencies on Tuesday after a key advocate for free trade in the White House announced his resignation, fanning fears President Donald Trump would go ahead with tariffs and risk a trade war. Markets feared the departure of economic adviser Gary Cohn, would embolden protectionist forces in the U.S. administration as Trump tries to impose hefty tariffs on steel and aluminium.

The dollar index against six major currencies shed 1.3% to close at 89.50, it's lowest in two weeks. The dollar had already been under pressure after South Korea said it would hold its first summit with the North in more than a decade, reducing geopolitical tensions.

The euro hit a two-week high of 1.2415 as the market reacted to a report that the European Central Bank might drop its easing bias at a policy meeting this week, though President Mario Draghi has shown little public urgency to do so recently.

Meanwhile, the sterling pound also went up against the dollar as a broad-based rebound in risk prompted investors to buy the British currency before draft guidelines on a trade agreement between the EU and Britain are published on Wednesday. The pound rose half a percent to close at \$1.3885.

Elsewhere, global oil prices fell on Tuesday, pulled down by weaker stock markets after the key advocate for free trade in the U.S. government resigned. Brent crude, the international benchmark for oil prices, was down 0.8%, from their previous close at \$65.28 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	1.2365	1.2465
GBP/USD	1.3835	1.3835
USD/AED	3.6675	3.6775
USD/JPY	105.15	106.15

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