



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH APRIL 2019

DOMESTIC NEWS

An uptick in dollar demand from the energy sector saw the Kenya shilling weaken marginally against the greenback in active trading on Tuesday, amid surplus liquidity in the local money market. A close of business, the local currency traded at 100.75/95, marginally weaker than the opening level of 100.55/75. The overnight inter-bank lending rate was at 1.7746% on the day, having fallen from 3.5% last week, indicating excess liquidity in the market.

We expect the shilling to remain relatively stable in the short term as dollar inflows from remittances and foreign investors buying the 10-year and 20-year treasury bond on sale this month offset surplus liquidity in the market and the increasing dollar demand from energy sector firms.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.35	104.35	98.35	103.35
GBP/KES	127.80	135.80	128.30	135.30
EUR/KES	110.10	117.10	110.60	116.60
AED/KES	25.95	25.95	25.95	25.95

Money Market Rates	Current	Previous	Change
Interbank Rate	1.7746%	1.6770%	0.098
91-Day T-bill	7.444%	7.500%	-0.056
182-Day T-Bill	8.189%	8.204%	-0.015
364-Day T-Bill	9.385%	9.408%	-0.023
Inflation	4.35%	4.14%	0.210
CBR RATE	9.00%	9.50%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar was relatively stable against most global currencies on Tuesday as investor caution prevailed due to fresh global trade tensions and as IMF downgraded its global economic outlook. Broader sentiment in the market remained subdued after the U.S. Trade Representative proposed a list of European Union products ranging from large commercial aircraft and parts to dairy products and wine on which to slap tariffs as retaliation for European aircraft subsidies.

On Tuesday, the IMF slashed its global growth forecasts for 2019 to 3.3%, the slowest expansion since 2016 and from its earlier projection of 3.5% in January, saying a sharp downturn could require world leaders to coordinate stimulus measures.

The euro was unchanged at \$1.1260 as Investors' immediate focus turned to a European Central Bank (ECB) policy meeting on Thursday where policymakers are expected to strike a cautious note on the region's growth outlook.

Meanwhile, the sterling pound fell marginally to settle 0.1% lower at \$1.3060 ahead of a Brexit summit meeting later on Wednesday where E.U. leaders will likely grant PM Theresa May a second Brexit delay, but they could demand she accepts a much longer extension as France pushed for conditions to limit Britain's ability to undermine the bloc.

Elsewhere, oil prices fell from five-month highs on Tuesday after the IMF cut its global economic growth forecasts and as Russia signaled it may retreat from its production-cutting deal with OPEC. Brent settled 50 cents lower at \$70.60 a barrel, after hitting \$71.35 on Monday.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
2 Weeks	6.50%		2.00%	
1 Month	7.00%		2.50%	
3 Months	8.00%		2.75%	
6 Months	8.50%		3.50%	
1 year	9.00%		3.75%	

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1210	1.1310
GBP/USD	1.3010	1.3110
USD/AED	3.6675	3.6785
USD/JPY	110.65	111.65

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