



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 11TH APRIL 2019

DOMESTIC NEWS

The Kenyan shilling weakened further against the U.S. dollar on Wednesday, underpinned by a surge in dollar demand from the energy sector and excess liquidity in the local money market. At close of trade, the shilling had shed 20 cents to the dollar to settle at 100.95/101.15, compared to the opening level of 100.75/95. We expect the shilling to hold relatively stable and trade in the 100.50/101.50 range in the short term, receiving support from foreign investors inflows buying the 10-year and 20-year government bonds auctioned yesterday.

Meanwhile, the Central Bank of Kenya yesterday sold KES 60.3 billion worth of the 10-year and 20-year Treasury bonds against a target of KES 50 billion, after receiving bids worth KES 85.6 billion. The yield for the 10-year bond came in at 12.346% compared to 12.463% in the last auction, while the yield for the 20-year bond settled at 12.935% compared to 13.087% in the last auction.

Indicative Forex rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 97.55 | 104.55 | 98.55 | 103.55 |
| GBP/KES | 128.40 | 136.40 | 128.90 | 135.90 |
| EUR/KES | 110.45 | 117.45 | 110.95 | 116.95 |
| AED/KES | 26.00 | 26.00 | 26.00 | 26.00 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 1.5828% | 1.7746% | -0.192 |
| 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 fell modestly against major global currencies on Wednesday as minutes from the Federal Reserve's March 19-20 meeting showed policy-makers debated about the central bank's bond holdings and agreed they would not raise rates in 2019 and they would stop shrinkage of its bond holdings by September amid signs of flagging growth and risk from trade tensions.

The euro was up 0.1% to settle at \$1.1275 despite the European Central Bank (ECB) President Mario Draghi underscoring the risks facing the euro zone economy and reinforcing bets on possible further stimulus to prevent the region from slipping into recession. He was speaking after the ECB policy meeting where policy-makers left their easy policy unchanged. He also cited the risks from trade disputes to regional business activity after U.S. President Donald Trump threatened to impose tariffs on \$11 billion worth of European Union goods.

Meanwhile, the sterling pound rose 0.3% to close at \$1.3100 after E.U. leaders gave Britain six more months to leave the bloc, more than PM Theresa May says she needs but less than many in the bloc wanted. The summit deal in Brussels meant Britain will not crash out on Friday without a treaty to smooth its passage. But it offers little clarity on when, how or even if Brexit will happen, as May struggles to build support in parliament for withdrawal terms agreed with the EU last year.

Elsewhere, Oil futures climbed more than 1% on Wednesday after U.S. data showing a deep decline in gasoline stocks overrode a rise in crude inventories to 17-month highs, and as an OPEC report showed further tightening of Venezuela's crude supply. Brent futures settled at \$71.45 a barrel, gaining 1.2% on the day.

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 | 1.1225 | 1.1325 |
| GBP/USD | 1.3050 | 1.3150 |
| USD/AED | 3.6675 | 3.6785 |
| USD/JPY | 110.55 | 111.55 |

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