



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 14TH MARCH 2019

DOMESTIC NEWS

The shilling remained on a bearish trend, extending losses to the dollar in active trading yesterday. Dollar inflows were not enough to counter dollar demand largely from the manufacturing and energy sectors which saw the local unit weaken to a low of 100.25/45 in mid-day session. However, the local unit recouped some losses to close the day at 100.15/35, 5 cents weaker on the day. Despite the marginal dip, the local unit has so far chalked 1.7% gains this year and is expected to remain stable and trade in the 100.00 - 101.00 range for now.

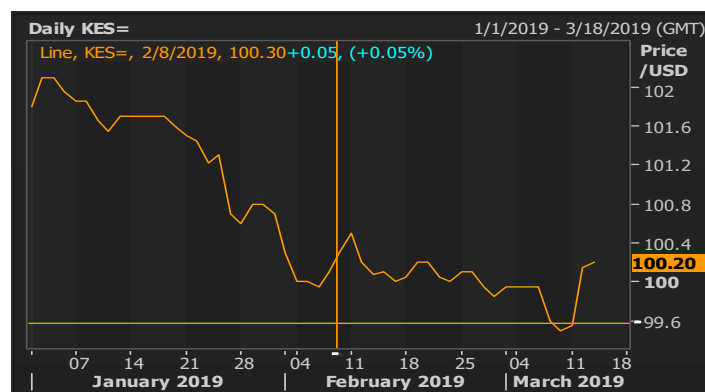
Overnight interbank rates were marginally up at 4.388% compared to 3.960% posted in the previous day as banks borrowed funds to close the current cash reserve cycle which ends today.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.70	103.70	97.70	102.70
GBP/KES	128.69	136.68	129.19	136.19
EUR/KES	109.93	116.93	110.43	116.43
AED/KES	25.78	28.78	25.78	28.78

Money Market Rates	Current	Previous	Change
Interbank Rate	4.388%	3.963%	0.425
91-Day T-bill	6.886%	6.886%	0.000
182-Day T-Bill	8.316%	8.317%	-0.001
364-Day T-Bill	9.469%	9.476%	-0.007
Inflation	4.14%	4.70%	-0.560
CBR RATE	9.00%	9.50%	-0.500

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The British pound strengthened yesterday to hit session highs after British lawmakers voted against a potentially disorderly “no-deal” departure from the European Union. The non-binding vote will increase pressure on Prime Minister Theresa May to rule out a “no-deal” exit and paves the way for a vote to delay Brexit. The Lawmakers are largely expected to vote for a delay today and markets will keenly look at how the vote on delaying the Brexit departure pans out and get an idea on how long the postponement would be.

The GBP was up 1.4% at \$1.326 against the dollar after a roller-coaster ride this week and was slightly off the session high of \$1.328 hit immediately after the vote as uncertainty remains around the process and the path forward.

The U.S. dollar was softer yesterday after new inflation data bolstered the likelihood U.S. interest rates will not be raised any time soon. U.S. producer prices barely rose in February, which showed the smallest annual increase in more than 1-1/2 years. This is the latest sign of benign inflation, supporting the Federal Reserve’s wait-and-see approach to further interest rate hikes this year.

To be sure, February U.S. economic data has been weaker than expected: Employers added just 20,000 jobs last month, a 94% decline from January and both consumer and producer prices reported this week have been weaker than expected.

The U.S. dollar index, which measures the greenback against a basket of six rival currencies was down 0.43% at 96.515 and the USD was down 0.41% against the euro at \$1.133.

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	1.1285	1.1385
GBP/USD	1.3200	1.3300
USD/AED	3.6670	3.6780
USD/JPY	111.15	112.15

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