



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH APRIL 2019

DOMESTIC NEWS

The Kenyan shilling weakened further on Wednesday to hit a three-month low against the U.S. dollar due to surplus liquidity in the local money markets and as dollar demand from oil and merchandise importers outweighed dollar inflows from remittances and foreign investors. At close of business, the local unit traded at 101.20/40, compared to the opening level of 101.00/101.20. We expect the shilling to remain under pressure in the short term due to the excess liquidity in the money market, but we may see it get some support from CBK's Open Market Operations in case of very high volatility.

Meanwhile, the Central Bank, in its capacity as a fiscal agent for the Republic of Kenya is offering an opportunity to invest in a new five-year bond, FXD2/2019/5 and a new fifteen-year bond, FXD2/2019/15 seeking to raise KES 50 billion in the month of May 2019. The coupon rate for the two issues will be market determined.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.80	104.80	98.80	103.80
GBP/KES	128.15	136.15	128.65	135.65
EUR/KES	110.90	117.90	111.40	117.40
AED/KES	26.10	29.10	26.10	29.10

Money Market Rates	Current	Previous	Change
Interbank Rate	3.9611%	3.4523%	0.509
91-Day T-bill	7.305%	7.397%	-0.092
182-Day T-Bill	8.042%	8.090%	-0.048
364-Day T-Bill	9.354%	9.371%	-0.017
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 held relatively steady against major global currencies on Wednesday despite better-than-expected economic growth data in China. China's economy grew at a steady 6.4% pace in the first quarter, defying expectations for a further slowdown, as industrial production surged, and consumer demand showed signs of improvement.

The dollar index against six major currencies was steady at 97.00 as other data showed that the U.S. trade deficit fell to an eight-month low in February as imports from China plunged, temporarily providing a boost to President Donald Trump's "America First" agenda and economic growth in the first quarter.

The euro was steady at \$1.1295 ahead of the release of the closely watched economic data for the euro zone. The release of Purchasing Managers Indexes (PMIs) for the manufacturing and service sectors in Europe on Thursday will provide the next indication of the strength of the European economy.

Meanwhile, the sterling pound fell 0.1% against the dollar to settle at \$1.3045 as investors prepared for March inflation data to gauge price pressures in the British economy, as Brexit negotiations took a back seat. The Bank of England has signaled that it will lift interest rates to tame inflationary pressures, but it is highly unlikely to act until the Brexit process is resolved.

Elsewhere, oil prices dropped on Wednesday as the impact of abundant U.S. production offset a surprise decline in U.S. inventories, leaving international benchmark Brent retreating from a 5-month high touched in the previous session. Brent crude futures were at \$71.75 a barrel, down 0.3% from their last close.

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	1.1245	1.1345
GBP/USD	1.2995	1.3095
USD/AED	3.6675	3.6785
USD/JPY	111.35	112.35

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