



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

## TREASURY MARKET UPDATE 18<sup>TH</sup> MARCH 2019

### DOMESTIC NEWS

Last minute dollar buying by importers seeking to meet mid-month obligations saw the shilling dip marginally against the dollar on Friday. After opening trade at 100.10/30, the local currency gave up the previous day's gains, weighed by increased dollar demand in thin trading ahead of the weekend to close 10 cents weaker on the day at 100.20/40.

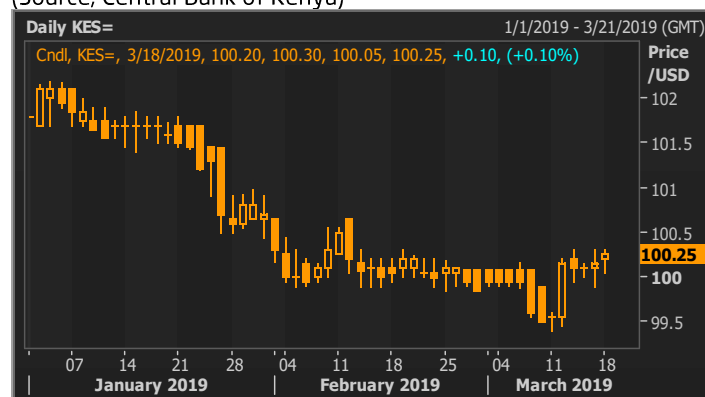
Meanwhile, CBK will be selling a 25-year tax free infrastructure bond worth KES 50 billion this week. We think the bond will attract interest from offshore players, who if successful will sell dollar to the market to pay for the same. This is likely to see the shilling post gains if dollar demand remains low. We therefore expect the USD KES pair to trade in the 99.75-100.75 this week.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.80	103.80	97.80	102.80
GBP/KES	129.27	137.27	129.77	136.77
EUR/KES	110.20	117.20	110.70	116.70
AED/KES	25.81	28.81	25.81	28.81

Money Market Rates	Current	Previous	Change
Interbank Rate	3.506%	3.478%	0.028
91-Day T-bill	6.837%	6.886%	-0.049
182-Day T-Bill	8.270%	8.316%	-0.046
364-Day T-Bill	9.439%	9.469%	-0.003
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 dollar fell on Friday and posted its biggest weekly drop in more than three months, dragged lower by weak U.S. economic data, while the pound hovered near nine-months high on hopes for a delay in Britain's exit from the European Union.

Weaker-than-forecast U.S. economic data on Friday cemented expectations the Fed could strike a dovish stance this week, sending U.S. bond yields down to 10-week lows. U.S. manufacturing output fell for the second month in a row, down 0.4% in February, while factory activity in New York state was softer than expected with an index reading of 3.7. The 10-year Treasuries yield fell to as low as 2.580%, its lowest since Jan. 4.

Fed officials are scheduled to meet later this week to assess the economy and deliberate on the future course of monetary policy. The U.S. central bank raised rates four times last year. The dollar index was 0.21% lower at 96.580, posting its biggest weekly loss since the first week of December 2018. The euro was up 0.14%, at \$1.1318 against the dollar.

The pound paused for breather but stayed on course for its biggest weekly gain in seven weeks on growing expectations that Britain will not crash out of the EU without a deal on March 29 to trade at \$1.3286, below Wednesday's nine-month high of \$1.3380 but up 2% so far this week, the biggest such gain since late January after the UK parliament voted to seek a delay in Britain's exit from the EU.

Elsewhere, oil prices were marginally lower this morning, off this year highs touched last week, with Brent crude futures at \$67.00.

### 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	1.1300	1.1400
GBP/USD	1.3235	1.3335
USD/AED	3.6665	3.6765
USD/JPY	111.25	112.25

For more details, contact our Treasury staff- Peter and Michael on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.