



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

## TREASURY MARKET UPDATE 1ST MARCH 2019

### DOMESTIC NEWS

Subduing end month importer dollar demand helped the Kenya shilling to remain steady against the greenback on Thursday, amid improving dollar inflows from remittances and offshore investors buying government debt. At close of trade, the shilling stood at 99.95/100.15, 5 cents stronger than the opening level of 100.00/100.20. We expect the shilling to remain relatively stable in coming days as dollar demand from importers remains subdued.

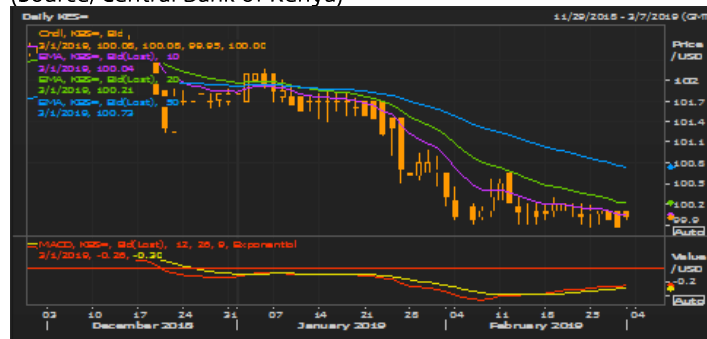
Meanwhile, Kenya's inflation fell to 4.14% in February from 4.7% in January as prices of food commodities and transport eased. The statistics office showed that the drop is the lowest since August last year when it closed at 4.04%. The drop marked a straight fall in three months, remaining within the government's preferred range of between 2.5% and 7.5%. The highest the rate has touched in the last 13 months is 5.71% that came in December last year.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.55	103.55	97.55	102.55
GBP/KES	128.70	136.70	129.20	136.20
EUR/KES	110.30	117.30	110.80	116.80
AED/KES	25.75	28.75	25.75	28.75

Money Market Rates	Current	Previous	Change
Interbank Rate	5.0663%	4.5260%	0.540
91-Day T-bill	6.886%	6.963%	-0.077
182-Day T-Bill	8.317%	8.375%	-0.058
364-Day T-Bill	9.476%	9.492%	-0.016
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 U.S. dollar rose broadly against major global currencies on Thursday, after U.S. data showed that growth in the world's largest economy was stronger than expected in the fourth quarter of 2018. According to the Commerce Department report, U.S. GDP increased at a 2.6% annualized rate in the fourth quarter after expanding at a 3.4% pace in the third quarter. Economists had been expecting growth of just 2.3%. The economy overall grew 2.9% in 2018, the best performance since 2015, and better than the 2.2% in 2017.

The euro was stable against the rising dollar at \$1.1375 as growing expectations that the European economy may have turned a corner encouraged investors to buy the single currency. Core European bond yields hit a three-week high on Wednesday while a broad indicator of European economic data ticked higher, rising from an eight-month low hit last month, suggesting the near-term economic outlook may be improving.

The pound, meanwhile, edged lower on Thursday after this week's run as investors booked profits and assessed the continued uncertainty about when Britain will exit the European Union and on what terms. Sterling has surged to multi-month highs this week after Prime Minister Theresa May said lawmakers would get the chance to vote on a delay to Brexit if they choose not to back her Brexit withdrawal agreement. On the day, the pound fell 0.3% to settle at \$1.3260.

Elsewhere, global oil prices rose on Thursday as markets tightened amid output cuts by producer club OPEC, but surging U.S. supply and a global economic slowdown prevented crude from climbing further. International Brent crude futures were at \$66.55 per barrel, up 0.45% from their previous 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	1.1325	1.1425
GBP/USD	1.3210	1.3310
USD/AED	3.6675	3.6785
USD/JPY	111.20	112.20

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.