



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21st MARCH 2019

DOMESTIC NEWS

Sustained dollar demand from the energy sector, outweighing dollar supply from horticulture exports and remittances, pushed the Kenyan shilling to weaken further against the U.S. dollar on Wednesday. By close of business, the shilling traded at 100.95/101.15, marginally weaker than Tuesday's close of 100.75/95. We expect the shilling to remain under pressure in the short term as high dollar demand from importers persists. However, we may see the local currency receive some support from offshore investors inflows buying the infrastructure bond.

Meanwhile, the Central Bank of Kenya sold KES 16.4 billion worth of the 25-year infrastructure bond (IFB1/2019/25) against a target of KES 50 billion after receiving bids worth KES 29.3 billion. The yield on the bond came in at 12.83%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.55	104.55	98.55	103.55
GBP/KES	129.50	137.50	130.00	137.00
EUR/KES	111.95	118.95	112.45	118.45
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	2.3132%	2.6277%	-0.315
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 U.S. dollar fell sharply against a basket of major currencies on Wednesday, after the Federal Reserve held U.S. interest rates steady and its policymakers abandoned projections for further rate hikes this year as the central bank flagged an expected slowdown in the economy. After a two-day policy meeting that sealed the switch to a less aggressive posture, the Fed also said it would slow the monthly reduction of its holdings of Treasury bonds from up to \$30 billion to up to \$15 billion beginning in May.

In a major shift in its perspective, the Fed also now expects to raise borrowing costs only once more through 2021, and no longer anticipates the need to guard against inflation with restrictive monetary policy. The dollar index, which measures the greenback against six major currencies, fell 0.6% to settle at 95.85, its lowest since Feb. 4.

The euro rose to a seven-week peak against the weaker dollar and was last trading at \$1.1425, a world away from its recent low of \$1.1175.

Meanwhile, the sterling pound fell after British PM Theresa May's request to delay Brexit until June 30 faced resistance from parts of the E.U. With no consensus in Britain's parliament over how to leave the EU, May was forced to seek an extension from the EU beyond the scheduled departure date of March 29. On the day, the pound fell nearly 1% before recovering to settle at \$1.3210.

Elsewhere, oil prices rose after U.S. government data showed tightening domestic oil supplies, but gains were capped by concerns over global economic growth. International Brent crude rose almost 1.6% to settle at \$68.60 a barrel, the highest level since 15th November.

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	1.1375	1.1475
GBP/USD	1.3160	1.3260
USD/AED	3.6675	3.6785
USD/JPY	110.00	111.00

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.