



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND MARCH 2019

DOMESTIC NEWS

Healthy dollar inflows from offshore investors buying government debt helped the Kenyan shilling to strengthen marginally against the greenback on Thursday amid increased dollar demand from a cross section of importers. At close of trade, the shilling stood at 100.70/90, compared to the opening level of 100.95/101.15. Despite the marginal strengthening, we expect the local unit to remain under pressure in the coming week due to end of the month dollar demand from the energy and manufacturing sector.

Meanwhile, the Central Bank of Kenya yesterday sold KES 34.9 billion worth of the 91-day, 182-day and 364-day Treasury Bills against a target of KES 24 billion after receiving bids worth KES 47.7 billion. The Treasury bill yield for the 91-day rose marginally while yields for the 182-day and 364-day treasury bills fell as the Central bank continued to reject expensive bids.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.30	104.30	98.30	103.30
GBP/KES	128.45	136.45	128.95	135.95
EUR/KES	111.20	118.20	111.70	117.70
AED/KES	25.95	28.95	25.95	28.95

Money Market Rates	Current	Previous	Change
Interbank Rate	2.2577%	2.3132%	-0.056
91-Day T-bill	7.697%	6.837%	0.860
182-Day T-Bill	8.226%	8.270%	-0.044
364-Day T-Bill	9.409%	9.439%	-0.030
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 rebounded against a basket of currencies on Thursday, recouping all its losses from the previous session as Brexit-related worries hurt the pound and the euro, helping to take the focus off the surprisingly dovish Federal Reserve.

The dollar index, which measures the greenback against six major currencies, was up 0.4% to settle at 96.30. The index fell 0.6% on Wednesday, closing below its 200-day moving average for the first time in more than 10 months, after the Fed jolted markets by abandoning all plans to raise rates this year.

The euro was 0.45% lower against the greenback to settle at \$1.1375. The euro tumbled earlier this month after the European Central Bank postponed the timing of its first post-crisis rate hike to 2020 at the earliest and launched a new round of cheap loans to banks. The common currency has gained nearly 2% against the dollar since then.

Meanwhile, the pound plunged on growing fears of a no-deal Brexit should British lawmakers hold firm in their rejection of British Prime Minister Theresa May's EU divorce deal. European Union leaders offered to delay Brexit until May 22 at the latest - but only if May can turn around massive parliamentary opposition and win lawmakers' backing next week for her withdrawal plan. On the day that the Bank of England kept interest rates steady, the pound was down 0.6% to settle at \$1.3135.

Elsewhere, oil prices fell nearly 1% on Thursday, but held near 2019 highs, supported by a tightening of global stocks, OPEC production cuts and U.S. sanctions on key producers Iran and Venezuela. Brent crude futures fell 0.9% to settle at \$67.75 a barrel.

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	1.3085	1.3185
USD/AED	3.6675	3.6785
USD/JPY	110.30	111.30

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.