



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 26TH MARCH 2019

DOMESTIC NEWS

An uptick in end month dollar demand from a cross section of importers outweighed dollar inflows from foreign investors and diaspora remittances and saw the shilling weaken marginally against the U.S. dollar on Monday. At close of trade, the local currency had shed 25 cents per dollar to close at 100.85/101.05 compared to the opening level of 100.60/80. We expect the shilling to remain under pressure in coming days due to an upsurge in end month dollar demand.

Meanwhile, Kenya will sell 10-year (FXD2/2019/10) and 20-year (FXD1/2019/20) Treasury bonds in April to raise up to KES 50 billion (\$497 million), whose proceeds will go towards budgetary support, the central bank said on Monday. The bank said it will receive bids for the two bonds until April 9 and auction them a day later. The coupon rates for the two issues will be market determined.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.45	104.45	98.45	103.45
GBP/KES	129.10	137.10	129.60	136.60
EUR/KES	110.70	117.70	111.20	117.20
AED/KES	26.00	29.00	26.00	29.00

Money Market Rates	Current	Previous	Change
Interbank Rate	2.6746%	2.3110%	0.364
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 euro firmed against the greenback on Monday as a stronger-than-forecast German business confidence survey allayed some fears about a recession. Financial markets were roiled on Friday, stemming from anxiety about an economic downturn after the U.S. yield curve inverted, with the 10-year yield dropping below the three-month bill rate. A yield curve inversion has preceded every U.S. recession in the past 50 years.

However, trader sentiment stabilized after Germany's IFO Institute said its business climate index rose to 99.6, beating a consensus forecast for a reading of 98.5 and following six consecutive drops. As the data briefly lifted German 10-year yields back into positive territory and helped European shares, the single currency also benefited, rising 0.15% to settle at \$1.1310. The dollar was 0.10% lower at 96.50.

Meanwhile, the sterling pound fell as pressure grew on Prime Minister Theresa May to give a date for leaving office ahead of parliamentary votes on Brexit. Investors are bracing for another week of volatility in the pound with British politics at fever pitch and little clarity on how, when or even if Brexit will ever take place. May met rebel lawmakers to find a way to break the deadlock and the Sun newspaper said her one chance of getting her Brexit deal approved by parliament was to name a date for her departure. The pound was down 0.2% to close at \$1.3185.

Elsewhere, oil prices edged up on Tuesday, lifted by supply cuts led by producer club OPEC and U.S. sanctions against Iran and Venezuela, but signs of a sharp economic slowdown and potentially even a recession kept markets from rising further. Brent crude oil futures were at \$67.35 per barrel, up 1% 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	1.1260	1.1360
GBP/USD	1.3135	1.3235
USD/AED	3.6675	3.6785
USD/JPY	109.55	110.55

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.