



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH MARCH 2019

DOMESTIC NEWS

The Kenyan shilling held relatively steady against the dollar on Wednesday ahead of the CBK's rate setting Monetary Policy Committee (MPC) meeting as dollar inflows from horticulture exports and diaspora remittances matched end month importer dollar demand. At close of trade, the local unit traded at 100.75/95, little changed from Tuesday's close of 100.85/95. We expect the shilling to remain relatively stable against the dollar in the short term.

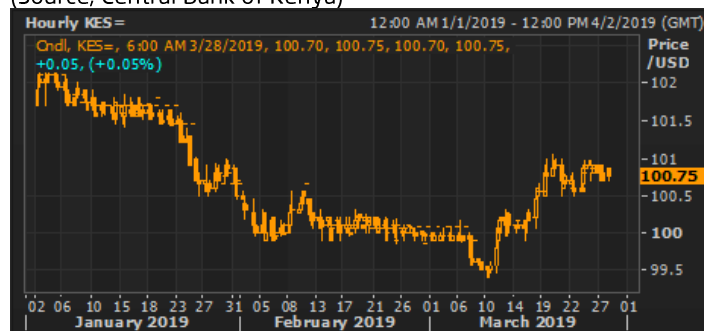
Meanwhile, as was widely expected, the central bank's MPC held its benchmark lending rate at 9.0%, saying inflation expectations remain within the target range and the economy was operating close to its potential. It was the fourth consecutive decision by the bank to keep rates on hold since September. The MPC concluded that the current policy stance remains appropriate and it will continue to monitor any perverse response to its previous decisions.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.35	104.35	98.35	103.35
GBP/KES	129.10	137.10	129.60	136.60
EUR/KES	110.00	117.00	110.50	116.50
AED/KES	25.95	25.95	25.95	25.95

Money Market Rates	Current	Previous	Change
Interbank Rate	2.7679%	2.8258%	-0.058
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 held on to modest gains on Wednesday as a recovery in investor risk appetite arrested a decline in benchmark U.S. Treasury yields, which fell to 15-month lows this week. The dollar index against a basket of six major currencies was steady at 96.90 after rising on Tuesday after 10-year Treasury debt yields rebounded due to stock gains on Wall Street. With many of its peers going on the defensive, the dollar has been able to brush aside a decline by the benchmark U.S. Treasury yields.

The euro held stable against the dollar at \$1.1255. The currency has been on shaky ground after Friday's weaker-than-expected German manufacturing survey raised concerns about Europe's largest economy. The single currency's upside was limited after European Central Bank President Mario Draghi said on Wednesday that a hike in interest rates could be further delayed.

Meanwhile, the sterling pound rose marginally on a report that former British foreign minister Boris Johnson, a prominent Eurosceptic, will now back Prime Minister Theresa May's Brexit withdrawal deal rather than risk parliament cancelling Brexit after May promised to quit if her agreement passes in parliament. The pound was up 0.1% against the greenback to settle at \$1.3195.

Elsewhere, global oil prices slumped on Wednesday after government data showed U.S. crude inventories grew more than expected last week as a Texas chemical spill hampered exports. Brent crude futures settled at \$67.75 a barrel, down 0.6% from the previous session. U.S. crude inventories rose last week by 2.8 million barrels, compared with analysts' expectations for a decrease of 1.2 million barrels.

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	1.1205	1.1305
GBP/USD	1.3145	1.3245
USD/AED	3.6675	3.6785
USD/JPY	109.65	110.65

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.