



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

## TREASURY MARKET UPDATE 29<sup>TH</sup> MARCH 2019

### DOMESTIC NEWS

The Kenyan shilling strengthened marginally against the greenback on Thursday, helped by improving dollar inflows from remittances and horticulture exports as end month importer dollar demand subsided. At close of trade, the local currency traded at 100.65/85, marginally stronger than the opening level of 100.75/95. We expect the shilling to remain relatively stable in the coming week as healthy dollar inflows are offset by demand from multinational companies buying dollars to pay dividends.

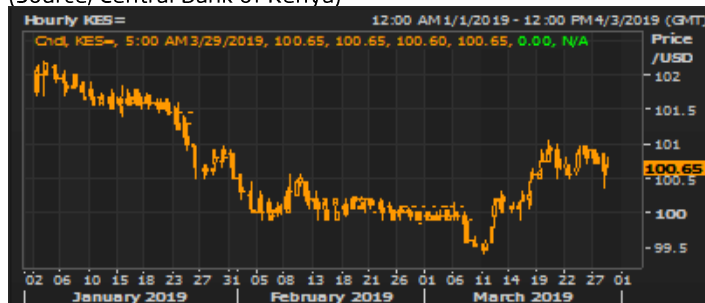
Elsewhere, Kenya is in no rush to secure a new standby credit facility with the IMF as its economy continues to show strength, CBK governor Patrick Njoroge said. The previous \$989.8 million arrangement expired in September after the government failed to meet the IMF's conditions for an extension, including the repeal of a cap on commercial lending. As the government prepares to issue a \$2.5 billion Eurobond, analysts have said it could secure a better interest rate if the standby arrangement with the IMF was in place.

### Indicative Forex rates

|         | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 97.25    | 104.25    | 98.25  | 103.25  |
| GBP/KES | 127.70   | 135.70    | 128.20 | 135.20  |
| EUR/KES | 109.65   | 116.65    | 110.15 | 116.15  |
| AED/KES | 25.95    | 25.95     | 25.95  | 25.95   |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate     | 3.0628% | 2.7679%  | 0.295  |
| 91-Day T-bill      | 7.500%  | 7.697%   | -0.197 |
| 182-Day T-Bill     | 8.204%  | 8.226%   | -0.022 |
| 364-Day T-Bill     | 9.408%  | 9.409%   | -0.001 |
| 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 on Thursday against most global currencies - which were weakened by dovish soundings from central banks - despite a cut to the estimate of U.S. economic growth in the fourth quarter. With many currencies on the defensive, the dollar has brushed aside a decline in benchmark U.S. Treasury yields to 15-month lows. The dollar index gained 0.3% to settle at a two-week high of 97.20 in its third day of gains.

The dollar rally continued even after the Commerce Department announced it had cut its measure of GDP in the fourth quarter, when corporate profits fell by the most in a year. The third reading estimated growth at 2.2%, down from the initial estimate of 2.6%.

The euro weakened 0.2% to settle at \$1.1230 as speculation grows that the ECB will introduce a tiered deposit rate - a sign that policymakers plan to keep interest rates low for longer.

Meanwhile, the sterling pound sank to a one-week low as the prospects for a swift agreement on Brexit faded with the British parliament failing to agree on a way forward. May's prospects for getting her deal through - and indeed for surviving as prime minister - are worsening and investors see little chance of the impasse being broken soon. On the day, the pound fell more than 1% to settle at \$1.3070.

Elsewhere, oil prices rose in early trading on Friday, pushed up by ongoing supply cuts led by producer club OPEC and U.S. sanctions against Iran and Venezuela, putting the crude markets on pace to post their biggest first quarter gain since 2009. Brent crude oil futures were up 0.5% to close at \$68.10 per barrel. Brent futures are set to increase by 1.7% for the week and are set to climb by 27% for the first quarter.

### 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 | 1.1180 | 1.1280 |
| GBP/USD | 1.3020 | 1.3120 |
| USD/AED | 3.6675 | 3.6785 |
| USD/JPY | 110.20 | 111.20 |

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