

TREASURY MARKET UPDATE 3RD APRIL 2019

DOMESTIC NEWS

The Kenyan shilling was relatively stable against the U.S. dollar on Tuesday due to thin importer dollar demand despite ample liquidity in the local money market. At close of trade, the local currency traded at 100.80/101.00, little changed from Monday's close of 100.75/95. We expect the shilling to remain relatively stable against the greenback in coming days, getting support from improving dollar inflows from remittances, exports and foreign investors as importer dollar demand remains muted.

Meanwhile, the overnight inter-bank lending rate traded at around 3% on Tuesday, an indication that excess liquidity still prevailed in the market. To remain within the set policy monetary path, the Central Bank was in the market to mop KES 5 billion in excess liquidity on the day.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.40	104.40	98.40	103.40
GBP/KES	128.60	136.60	129.10	136.10
EUR/KES	109.75	116.75	110.25	116.25
AED/KES	25.97	25.97	25.97	25.97

Money Market Rates	Current	Previous	Change
Interbank Rate	3.2058%	2.7462%	0.460
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	4.35%	4.14%	0.210
CBR RATE	9.00%	9.50%	-0.500



INTERNATIONAL NEWS

The U.S. dollar fell marginally against major global currencies on Tuesday, as the recent bounce in U.S. bond yields stalled on increasingly dovish rhetoric from global central banks.

The dollar index against a basket of six major currencies was down 0.2% to settle at 97.15, having lost some traction after climbing to a 3-1/2-week peak of 95.45 the previous day as ebbing risk aversion in the broader markets pushed up long-term U.S. yields from 15-month lows.

The euro jumped to a session high of \$1.1240 against the weaker dollar before giving up much of the gains to settle at \$1.1225. The euro has dropped to more than three-week lows as investors evaluate international growth prospects with the U.S. and European central banks unlikely to raise interest rates soon.

Meanwhile, the sterling pound rallied on Tuesday after PM Theresa May said Britain needed a further extension of Article 50 to ensure it leaves the E.U. with a deal in a timely manner. The pound rallied as much as 0.4% after May's statement, to trade above the \$1.31 line at \$1.3135. While May's demand for a Brexit extension from E.U. officials or seeking cross-party talks with the opposition may not yield a solution, analysts said her comments indicated a softening approach compared to her strong comments on lawmakers last month.

Elsewhere, oil prices rose for a fourth day on Wednesday, with support from OPEC-led supply cuts and U.S. sanctions overshadowing an industry report showing an unexpected rise in U.S. inventories last week. Brent futures rose 1% to \$69.80 a barrel, the highest since Nov. 12 and within touching distance of \$70.

Indicative Profit Rates on Deposits					
Amounts > 10 N	1illion	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	1.1190	1.1290			
GBP/USD	1.3085	1.3185			
USD/AED	3.6675	3.6785			
USD/JPY	110.95	111.95			

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