



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH MARCH 2019

DOMESTIC NEWS

The Kenyan shilling strengthened to its strongest level against the U.S. dollar since July 2015 on Thursday, buoyed by strong dollar inflows from Kenyans living abroad, tourism and farm exports amid a drop in dollar demand from importers. At close of trade, the shilling traded at 99.60/99.80, compared to the opening level of 99.95/100.15. The shilling had been stuck close to breaking the 100 level in the past two months before the move in Thursday's session.

Remittances by Kenyans living abroad surged to record highs last year, in step with earnings from the tourism sector, which also soared on the back of increased arrivals. Import requirements rose as the government built a modern railway between Nairobi and the port of Mombasa, but they have since tapered off after the construction of the line was completed in 2017.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	96.20	103.20	97.20	102.20
GBP/KES	126.55	134.55	127.05	134.05
EUR/KES	108.15	115.15	108.65	114.65
AED/KES	25.65	28.65	25.65	28.65

Money Market Rates	Current	Previous	Change
Interbank Rate	3.3840%	3.0809%	0.303
91-Day T-bill	6.886%	6.886%	0.000
182-Day T-Bill	8.316%	8.317%	-0.001
364-Day T-Bill	9.469%	9.476%	-0.007
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 to its highest level in 2019 on Thursday as traders bet the U.S. would fare better than Europe in the coming months despite some soft patches in the U.S. economy. The dollar index against six global currencies settled 0.85% higher at 97.55, its highest since Dec. 17. Focus now turns to Friday's U.S. non-farm payrolls release for February for fresh indications of wage growth and labour market strength.

Meanwhile, the euro tumbled to its lowest since June 2017 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 single currency suffered its worst day since the ECB previously delayed its rate-hike plan almost nine months ago. The ECB's decision to tweak its forward guidance on rates was a surprise for many investors. The central bank also cut its growth and inflation forecasts through 2021. On the day, the euro fell 0.85% to close at \$1.1200.

The pound also recorded its steepest loss in seven weeks after British and E.U. sources said Brexit negotiations had hit an impasse. EU Brexit negotiators rejected the latest proposals on the Irish backstop presented by Britain's Attorney General Geoffrey Cox in Brussels on Tuesday. On the day, the pound fell to \$1.3085, down 0.75%, marking its biggest one-day drop against the greenback since Jan. 18.

Elsewhere, oil prices fell in early trading on Friday after the European Central Bank (ECB) warned economic weakness would continue and as U.S. crude output and exports chase new records, undermining efforts by producer club OPEC to tighten global markets. Brent crude futures were at \$65.80 per barrel, down 0.7% from the previous session.

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	1.1150	1.1250
GBP/USD	1.3035	1.3135
USD/AED	3.6675	3.6785
USD/JPY	110.70	111.70

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