



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH MARCH 2020

DOMESTIC NEWS

Monday's session saw the shilling once again recede by some units versus a resurgent greenback. Foreign currency demand from corporates in the manufacturing and energy sectors continued to spin the USD/KES currency pair in favor of the greenback. We anticipate the home unit to continue trading within same ranges with a slight bias towards weakening should end month dollar demand be sustained. By close of trade, the local unit stood at 102.75/95 as compared to Friday's close of 102.60/80.

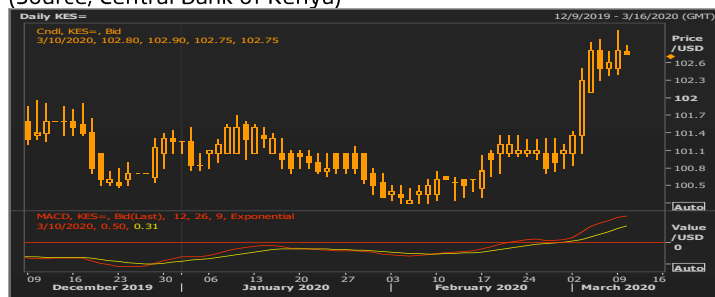
In other news, Kenya's Central Bank will offer re-opened 20- and 25-year Treasury bonds at this month's auction, seeking to raise a total of Sh50 billion (\$486.38 million), it said on Monday. The bonds, which will be auctioned on March 18, come with a coupon rate of 13.20% and 13.40% for the 20- and 25-year tenors respectively. The bank will rediscount the bonds at 3.00% above the prevailing market yield or coupon rate, subject to approval by the Nairobi Securities Exchange. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 20 billion at a weighted average rate of 5.215%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.35	106.35	100.35	105.35
GBP/KES	130.25	138.25	130.75	137.75
EUR/KES	113.40	120.40	113.90	119.90
AED/KES	26.50	29.50	26.50	29.50

Money Market Rates	Current	Previous	Change
Interbank Rate	3.796%	3.531%	0.265
91-Day T-bill	7.310%	7.315%	-0.005
182-Day T-Bill	8.186%	8.235%	-0.049
364-Day T-Bill	9.312%	9.500%	-0.188
Inflation	6.370%	5.780%	0.590
CBR RATE	8.250%	8.500%	-0.250

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was down on Monday to 94.60. President Donald Trump on Monday said he will be taking "major" steps to gird the economy against the impact of the spreading coronavirus outbreak and will discuss a payroll tax cut with congressional Republicans on Tuesday. They also said they are crafting new legislation, on the heels of \$8.3 billion coronavirus funding enacted last week, that might be ready to be introduced this week.

The GBP/USD pair rose to \$1.3135 on Monday. The pound advanced against the dollar amid expectations the Federal Reserve will slash rates to 2015 lows, while growing optimism that new fiscal stimulus to boost economic growth measures will be including in the upcoming UK budget also underpinned sterling.

The euro rose as high as \$1.1470 on Monday. The European Central Bank meets this week and the fate in the euro stays in the hands of whether the ECB will take some pressure off the Federal Reserve to do all of the heavy lifting and cut interest rates in the face of a pending eurozone recession.

The Japanese yen recovers the previous day's flash-crash losses while taking the bids to 103.40 during early Tuesday. Bank of Japan Governor Haruhiko Kuroda said on Tuesday global financial markets were "very unstable" and the economic impact of the coronavirus outbreak could turn out to be big.

Elsewhere, global oil prices rebounded on Tuesday to \$36.70 per barrel from their biggest fall in almost 30 years amid a potential price war between major producers Saudi Arabia and Russia, while lingering fears about the spread of the new coronavirus continued to affect investor sentiment.

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.50%	1.25%
1 Month	7.00%	1.75%
3 Months	8.00%	2.00%
6 Months	8.25%	2.25%
1 year	9.00%	2.50%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1295	1.1405
GBP/USD	1.2970	1.3090
USD/AED	3.6675	3.6775
USD/JPY	104.20	105.70

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