



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 11TH MARCH 2020

DOMESTIC NEWS

The local unit had something to cheer about as it stood tall and proud against its American counterpart in its vibrant Tuesday trading session. The shilling gained some traction on account of increased foreign currency inflows from various sectors of the economy against dismal activity on the demand counter. In the new day, we expect range bound trading to be the main theme, as market players look out for fresh factors to drive the direction of the domestic unit. By close of trade, the local unit stood at 102.55/75 as compared to Monday's close of 102.75/95.

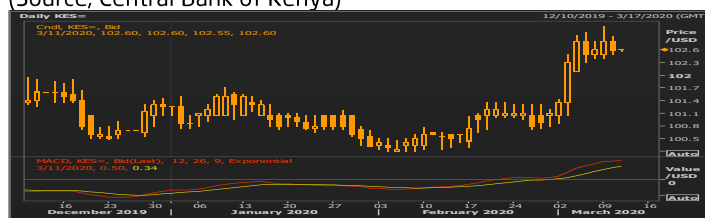
In other news, The Central Bank of Kenya last week bought Sh200 million worth of dollars to build the country's foreign exchange reserves. According to the CBK weekly bulletin, foreign exchange reserves grew marginally from Sh840.9 billion to Sh841.1 billion last week. The bank targets Sh10 billion monthly over the next four months. The cumulative Sh40 billion is expected to cushion the country from volatility in the global markets over the coronavirus pandemic. CBK's decision to buy dollars from the open market was a shift away from excessive external debt previously boosted by reserves. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 15 billion at a weighted average rate of 4.500%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.20	106.20	100.20	105.20
GBP/KES	128.75	136.75	129.25	136.25
EUR/KES	112.95	119.95	113.50	119.50
AED/KES	26.50	29.50	26.50	29.50

Money Market Rates	Current	Previous	Change
Interbank Rate	3.439%	3.796%	-0.357
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 to 96.13 on Tuesday. US President Trump told Republican Senators that there were two options for coronavirus economic relief plan which would be to waive payroll tax through year-end or make tax cut a permanent source. Trump met with Republican senators to discuss proposals for boosting the economy, which has been hit by fallout from the coronavirus outbreak. In addition, rising bets on another Fed move on rates by cutting them even further at the March meeting.

The GBP/USD pair fell to \$1.2917 on Tuesday, the eve of the U.K. budget revelation despite expectations the country is set to deliver a big stimulus package and measures to help combat the Covid-19 outbreak. The U.K. government confirmed its first budget announcement will take place on March 11, starting at around 12:30pm.

The euro dropped to \$1.1350 on Tuesday. The risks of a recession in the Eurozone, particularly in Germany, remain high in the face of the infectious disease. Therefore, the European Central Bank will likely resort to additional stimulus measures on Thursday to cushion the economic blow.

The Japanese yen started out at 104.20 early Wednesday to the downside in Tokyo. The news that the US government's attempt to contain the epidemic in the US and the notion of President Trump's proposal for a payroll tax cut, leading risk appetite higher.

Elsewhere, global oil prices climbed on Wednesday to \$38.48 as hopes that U.S. producers would cut output lent support, but gains were capped by growing doubts about Washington's stimulus package to fight the coronavirus.

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	1.1305	1.1390
GBP/USD	1.2895	1.3010
USD/AED	3.6675	3.6775
USD/JPY	103.70	104.80

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