



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 3RD MARCH 2020

DOMESTIC NEWS

A choppy Monday session saw the home unit sink further against the greenback. The local currency fluttered between gains and losses in early trading as forces of demand and supply for foreign currency battled for dominance on the FX counters. The Kenyan currency closed the session on the defense as demand from importers offset the waning supply. By close of trade, the local unit stood at 101.35/55 as compared to Friday's close of 101.10/30.

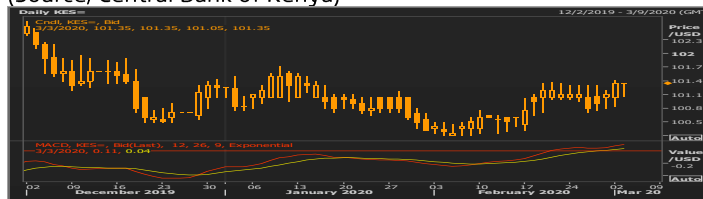
In other news, the proposed Free Trade Agreement between Kenya and the US may end up stunting the manufacturing pillar under President Uhuru Kenyatta's Big Four Agenda if progressive policies are not put in place. According to manufactures, Kenya is likely to face stiff competition by American products domestically once the trade pact comes into play. This as the US has a stronger manufacturing sector meaning their products are likely to be more competitive than the locally produced commodities. Currently, trade between Kenya and the US stands at about Sh100 billion a year with over 70 per cent of Kenya's export into the expansive American market in 2018, worth Sh46.6 billion, entering under African Growth and Opportunity. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 30 billion at a weighted average rate of 3.966%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.95	104.95	98.95	103.95
GBP/KES	125.70	133.70	126.20	133.20
EUR/KES	109.65	116.65	110.15	116.15
AED/KES	26.12	29.12	26.12	29.12

Money Market Rates	Current	Previous	Change
Interbank Rate	4.054%	3.926%	0.128
91-Day T-bill	7.315%	7.394%	-0.079
182-Day T-Bill	8.235%	8.258%	-0.023
364-Day T-Bill	9.500%	9.799%	-0.299
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 97.91 on Monday its lowest in nearly a month. G7 finance ministers and global central bank governors are set to hold a conference call later in the day to discuss measures to stabilize markets that are reeling from a coronavirus-induced panic.

The GBP/USD pair continued to weaken on Monday at \$1.2779 under pressure from comments by Prime Minister Boris Johnson over the weekend threatening to walk away from trade talks with the EU by June if the EU insisted on a role for the European Court of Justice in governing the free trade agreement being negotiated by the two. Meanwhile, The Bank of England also issued a statement saying it would take all necessary steps to safeguard financial stability.

The euro hit its highest level in a month in early trading on Monday at \$1.1143, while emerging market currencies rebounded sharply, as comments from central bankers hinted at coordinated action to stabilize markets that are reeling from a coronavirus-induced panic.

The Japanese yen is trading at 108.34 early Tuesday in the Tokyo opening. The Bank of Japan has very little room to manoeuvre, although its Governor, Haruhiko Kuroda, issued a statement yesterday after an early plunge in share prices, saying the central bank "will closely monitor future developments, and will strive to provide ample liquidity and ensure stability in financial markets through appropriate market operations and asset purchases."

Elsewhere, global oil prices rose on Tuesday to \$53.18 on expectations that central banks are likely to enact financial stimulus to offset the impacts of the coronavirus outbreak and growing optimism that OPEC will order deeper output cuts this week.

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	1.1105	1.1195
GBP/USD	1.2720	1.2870
USD/AED	3.6675	3.6775
USD/JPY	107.00	108.80

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