



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 4TH MARCH 2020

DOMESTIC NEWS

Trading was cramped on Tuesday, which saw the shilling play second position against the greenback for the better part of the session. The shilling subsided as a result of increased interbank demand for the buck, which overcame the supply-side and left the domestic currency feeble. By close of trade, the local unit stood at 102.20/40 as compared to Monday's close of 101.35/55.

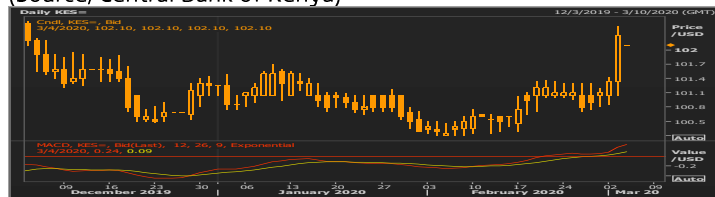
In other news, Kenya's central bank said it plans to buy \$100 million every month between March and June to increase foreign reserves and that it will purchase a minimum \$1 million from banks at prevailing rates in each deal. New developments across the globe, including a significant drop in oil prices, have opened a new window for a more formal dollar purchase programme, the Central Bank of Kenya said in a statement. The East African nation imported petroleum products worth \$3.31 billion last year, at an average price of \$66.5 per barrel, the bank said. That average price has now dropped to \$51 per barrel, offering significant savings and opportunity to increase reserves, it added. "These purchases will be conducted while ensuring that they do not introduce volatility and instabilities in the foreign exchange market," the bank said. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 25 billion at a weighted average rate of 6.723%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.85	105.85	99.85	104.85
GBP/KES	127.15	135.15	127.70	134.70
EUR/KES	110.70	117.70	111.20	117.20
AED/KES	26.36	29.36	26.36	29.36

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 moved off session lows on Tuesday to 97.21 but remained under pressure as Treasury yields fell to record lows after the Federal Reserve delivered a surprise rate cut to cushion the potential impact from the spread of coronavirus on the economy. The Federal Open Market Committee lowered the target range for the federal funds rate by 1/2 percentage point, to 1 to 1-1/4 percent.

The GBP/USD pair climbed up to \$1.2826 on Tuesday. The governor of the Bank of England, Mark Carney, said it would take all necessary steps to help the economy. However, there is a limit to what rate cuts can achieve; more effective will be the targeted fiscal measures that are on their way too. On the 11th March, the UK Chancellor is expected to announce extra tax breaks and support for the NHS, although emergency contingency funding for a coronavirus epidemic could mean that the Chancellor will have less wiggle room for next Wednesday's budget.

The euro advanced on Tuesday to \$1.1150 due to Fed rate cut triggers risk-off pushing the 10-year Treasury yields to hit record lows.

The Japanese yen extends the Fed-led fall towards 107.00 amid the initial hours Wednesday morning. The much-hyped G7 conference call failed to provide any meaningful signal of what the global financial leaders are planning. However, the Federal Reserve opened the trump card with a 0.50% rate cut. Following that, the US President also pushed for a higher amount of coronavirus emergency funding bill to \$8.5 billion.

Elsewhere, global oil prices rose on Wednesday to \$52.44 per barrel on expectations that major producers have moved closer to an agreement to enact deeper output cuts.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	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	1.1110	1.1205
GBP/USD	1.2750	1.2890
USD/AED	3.6675	3.6775
USD/JPY	106.80	108.60

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