



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 5TH MARCH 2020

DOMESTIC NEWS

The shilling continued its downward trend against the dollar in mid-week trading on the back of augmented demand for the buck. The home unit's slow south was on account of increased dollar appetite from both corporate and interbank players which overwhelmed the fickle foreign currency inflows, to push the local unit lower. In today's session, it is expected that the USDKES pair will continue trading within the same ranges as demand and supply forces continue to battle out. By close of trade, the local unit stood at 102.75/95 as compared to Tuesday's close of 102.20/40.

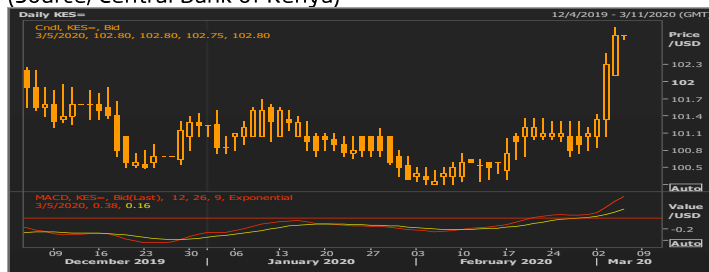
In other news, The CBK will be re-opening the FXD1/2018/20Yr (18.07 years) and the FXD1/2018/25Yr (23.32 years) in this month's bond auction in a bid to secure KES 50Bn. The recent interest in the short end space should therefore persist as liquidity remains good and short end options expected to get scarce. Meanwhile, with the CBK's announcement to be a buyer of dollars and their confirmation we have seen competition rise for dollars and yields on short dated bonds dip marginally. Interest within the secondary market expected to remain skewed towards the short end portion of the curve as liquidity levels remain high.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.40	106.40	100.40	105.40
GBP/KES	128.50	136.50	128.95	135.95
EUR/KES	111.10	118.10	111.60	117.60
AED/KES	26.51	29.51	26.51	29.51

Money Market Rates	Current	Previous	Change
Interbank Rate	4.163%	3.788%	0.375
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 found its footing on Wednesday at 97.34 as better-than-expected services and private labor data eased recession fears at a time when many are fretting about the impact of the coronavirus spread in the U.S. Even so, an increase in the numbers of the global coronavirus outbreak and the latest state of emergency declared by Californian Governor over coronavirus seem to support the risk aversion. In the meantime, ISM non-manufacturing data for February showed an uptick to 57.3, beating expectations of 54.9. This represents the highest reading for the service sector index since February 2019. Ahead of the key nonfarm payrolls report, meanwhile, the private labor market generated a better-than-expected 183,000 jobs in February.

The GBP/USD pair rose to \$1.2886 on Wednesday amid reports that UK-EU trade talks were off to a good start. While the BOE's refrain from further rate cuts also contributed to the pair's recovery moves. Hence, traders will keep eyes on today's speech from the BOE Governor Mark Carney for near-term direction.

The euro fell on Wednesday to \$1.1136 amid risk-on action in the US equities after the US House of Representatives authorized nearly \$8 billion for coronavirus prevention.

The Japanese yen consolidated around 107.50 early Thursday despite a hefty buyback of US stocks. Overnight, the US 2-year treasury yields fell. Markets are pricing around a 100% chance of a 25bp cut at the next Federal Reserve interest rate meeting.

Elsewhere, global oil prices rose on Thursday to \$51.91 per barrel, recouping losses from the previous day on a smaller-than-expected rise in crude oil inventories in the United States.

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	1.1220
GBP/USD	1.2750	1.2930
USD/AED	3.6675	3.6775
USD/JPY	106.90	108.10

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