



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 6TH MARCH 2020

DOMESTIC NEWS

It was a good day for the shilling as it fought to trade higher against the dollar. A drove of foreign currency sellers swung into action and hauled the USDKES pair lower. The sweep over the US dollar was exacerbated by the absence of the usual purchases by major corporates in the market. In today's session, we expect the home unit to remain buoyed. That said, its fortunes may be fleeting if buyers of foreign currency may come to fore and nip the greenback at these levels. By close of trade, the local unit stood at 102.40/60 as compared to Wednesday's close of 102.75/95.

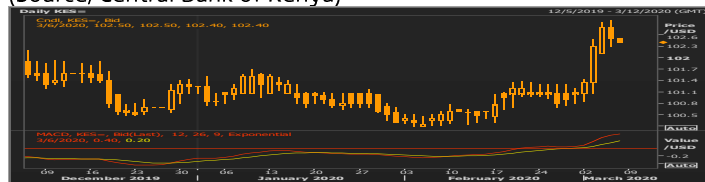
In other news, the IMF renewal of Kenya's \$1.5 billion (Sh150 billion) precautionary stand-by credit facility is under consideration. Kenya has been operating without the facility meant to act as a buffer in case of volatility since it expired in September 2018 on the back of Kenya's economy indicators showing good performance with an estimated GDP growth of 5.6 percent in 2019, driven by the continued resilience of the service sector. In addition, the country's narrowing current account deficit currently at 4.3 per cent from five per cent in 2019, mainly due to lower imports of capital goods and petroleum products, offsetting a decline in goods exports. 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 6.847%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.00	106.00	100.00	105.00
GBP/KES	128.85	136.85	129.40	136.40
EUR/KES	111.65	118.65	112.15	116.15
AED/KES	26.41	29.41	26.41	29.41

Money Market Rates	Current	Previous	Change
Interbank Rate	4.469%	4.163%	0.306
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 remained on the back foot on Thursday at 97.04, weighed down by a combination of expectations for even more monetary easing by the Federal Reserve and very low U.S. yields. The dollar has shed most of its gains for the year over the last few days, as expectations grew that the Fed would cut rates again in order to stave off the economic fallout from the spreading coronavirus outbreak. The Fed delivered a 50-basis point emergency rate cut on Tuesday, with many traders expecting at least two more such moves in coming months. Bets that the Fed could cut rates again at its upcoming meeting in March continued to pressure U.S. government bond yields.

The GBP/USD pair held on gains at \$1.2950 on Thursday after the incoming Bank of England governor said he would wait for more clarity about the virus before moving interest rates, rather than rushing to an emergency cut.

The euro edged up on Thursday to \$1.1230 benefitting from risk-off and flight to safety, which isn't surprising, given the European Central Bank is running a negative interest rate policy and the single currency is backed by Eurozone's large current account surplus.

The Japanese yen is feeling the pull of gravity with coronavirus-led risk-off at 105.90 early Friday. Moreover, investors are getting increasingly worried that the virus will cause far greater damage to the global economy than previously estimated.

Elsewhere, global oil prices slid on Friday to \$49.51 per barrel as worries about global oil demand and economic growth slowdown caused by the coronavirus outbreak were heightened.

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	1.1180	1.1280	
GBP/USD	1.2900	1.3030		
USD/AED	3.6675	3.6775		
USD/JPY	105.00	107.10		

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.