



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 9TH MARCH 2020

DOMESTIC NEWS

A choppy Friday 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. In the new day, markets remain focused on flows to determine direction for the USD/KES pair, with players inclined to a weaker shilling amid limited foreign currency inflows. By close of trade, the local unit stood at 102.60/80 as compared to Thursday's close of 102.40/60.

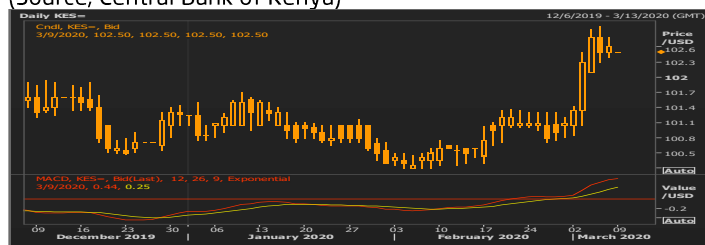
In other news, the average interbank rate declined to 4.0%, from 4.1% recorded the previous week, pointing to increased liquidity in the money markets mainly as a result of government disbursements and local debt maturities. Commercial banks' excess reserves came in at Kshs 20.9 billion, in relation to the 5.25% cash reserves requirement. The average interbank volumes declined by 63.7% to Kshs 5.7 billion n, from Kshs 15.7 billion recorded the previous week. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 5 billion at a weighted average rate of 5.490%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	99.20	106.20	100.20	105.20
GBP/KES	130.15	138.15	130.70	137.70
EUR/KES	113.70	120.70	114.20	120.20
AED/KES	26.46	29.46	26.46	29.46

Money Market Rates	Current	Previous	Change
Interbank Rate	3.531%	4.469%	-0.938
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 on Friday to 96.562 as concerns of the new coronavirus outbreak continued to weigh, with the U.S. equity market in retreat and bond yields collapsing under the expectation of further interest rate cuts from the Federal Reserve, that argument no longer holds. In addition, the 10-year US yield fell to new record lows below 0.5% and the 30-year yield declined to lifetime lows below 1%.

The GBP/USD pair was up at \$1.3050 on Friday. Sterling has been supported by promises of big increases in public spending that would - all other things being equal - have removed the need for further interest rate cuts from the Bank of England.

The euro rose as high as \$1.1400 on Friday, amid concerns that the European Central Bank can't do anything to stop the differential between euro and dollar interest rates falling further. The ECB's governing council meets next week, against a backdrop of expectations that are limited to a 10 basis-point cut in the deposit rate and some tweaking of the bank's long-term refinancing operations.

The Japanese yen holds onto 1.50% losses, marking 103.90 as a quote, after the final reading of Japan's fourth quarter GDP matched downbeat forecast during the early Monday's session.

Elsewhere, global oil prices plummeted around 30% on Monday, to \$31.98 per barrel with U.S. oil heading for its biggest loss on record, after Saudi Arabia slashed prices and set plans for a dramatic increase in crude production in April. Prices fell by as much as a third following Saudi Arabia's move to start a price war after Russia balked at making the further steep output cuts proposed by OPEC.

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	1.1400	1.1490
GBP/USD	1.2980	1.3090
USD/AED	3.6675	3.6775
USD/JPY	101.70	103.60

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