

TREASURY MARKET UPDATE 10TH AUGUST 2020

DOMESTIC NEWS

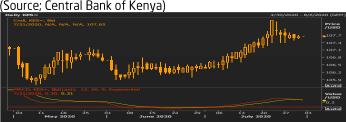
The Kenyan shilling continued its weakening trend on Friday morning following persistent dollar demand from importers. Activity was one sided in early trading, as buyers flooded counters to purchase the greenback. The currency later got some reprieve towards the end of day as foreign currency inflows improved. The local currency is likely to be hold within the current range in the near term as healthy dollar inflows from floriculture sector are seen in addition to tightening money market conditions due tax payments provide some support. By close of trade, the local unit stood at 108.00/108.20 as compared to Thursday's close of 107.90/10.

In other news, activity in Kenya's private sector rose at its fastest pace in a year last month on the back of a gradual easing of coronavirus lockdown measures, a survey showed. The Purchasing Managers' Index jumped to 54.2 in July, from 46.6 in the previous month, well above the 50.0 mark that separates growth from contraction. July's level was the highest since June last year. The government cut its GDP growth forecast for this year to about 2.50% due to the pandemic, from an initial 6.00%. In the meantime, the monetary authority was in the market in a bid to mop KES 5 billion at a weighted average rate of 3.900%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.25	111.25	105.25	110.25
GBP/KES	137.05	145.05	137.55	144.55
EUR/KES	123.40	130.40	123.90	129.90
AED/KES	27.83	30.83	27.83	30.83

Money Market Rates	Current	Previous	Change
Interbank Rate	2.342%	2.339%	0.003
91-Day T-bill	6.123%	6.121%	0.002
182-Day T-Bill	6.549%	6.455%	0.094
364-Day T-Bill	7.455%	7.391%	0.064
Inflation	4.360%	4.590%	-0.230
CBR RATE	7.000%	7.000%	0.000



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index down on Friday to 93.308, despite better-than-expected U.S. payrolls report which pushed Treasury yields higher. Meanwhile, U.S. President Donald Trump kept his promise to take executive action if the U.S. Congress failed to reach a consensus over the country's latest stimulus measures. Trump signed four executive orders on Sunday related to COVID-19 economic relief, unemployment benefits, a temporary payroll tax deferral, eviction protection and student-loan relief.

The GBP/USD pair picked up huge losses on Friday at \$1.3070 as British diplomats like Michael Gove and Rishi Sunak highlighted the odds of a Brexit deal by September without citing any strong shreds of evidence whereas fears of a larger job loss wave triggered following the study by a British institute.

The euro tumbled to \$1.1754 on Friday over rising tensions between the US and China. In the latest development, the US imposed sanctions on officials in Hong Kong and China, including leader Carrie Lam, over suppression of protests in the territory.

The Japanese yen rose to 105.79 during the early trading hours of Monday despite political developments from over the weekend. President Donald Trump signed executive orders prohibiting US residents from doing any business with TikTok, WeChat or the applications' Chinese owners, citing the national security risk of leaving Americans' personal data exposed.

Elsewhere, global oil prices climbed on Monday to \$44.80 per barrel, supported by Saudi optimism on Asian demand and an Iraqi pledge to deepen supply cuts, although uncertainty over a deal to shore up the U.S. economic recovery capped gains.

Indicative Profit Rates on Deposits					
Amounts	> 10 Million	Amounts >100,000			
KES		USD			
2 Weeks	6.00%	1.25%			
1 Month	6.25%	1.50%			
3 Months	6.50%	1.75%			
6 Months	6.75%	2.00%			
1 year	7.00%	2.05%			
Indicative Cross Rates					
Bid		Offer			
EUR/USD	1.1650	1.1795			
GBP/USD	1.3010	1.3120			
USD/AED	3.6675	3.6775			
USD/JPY	104.80	105.90			

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/55, Cell +254 709913351/55. 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.