



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH JULY 2020

DOMESTIC NEWS

The Kenya shilling closed the day stronger against the U.S. dollar at the end of Thursday's trading owing to improved foreign currency inflows. Foreign currency inflows from the agricultural and telecommunications sector came to the aid of the local currency outclassing the bantam appetite from importers. In today's session, market chatter alludes to range bound trading, as investors look out for fresh factors to offer price direction. By close of trade, the local unit stood at 106.90/107.10 as compared to Wednesday's close of 106.95/107.15.

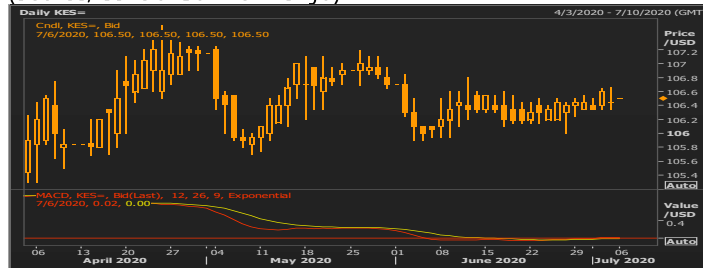
In other news, Kenya will sell five-year, 10-year and 15-year Treasury bonds to raise a total 60 billion shillings (\$561.53 million) this month, the central bank said on Thursday. The bank said in a statement it planned to receive bids for the bonds through July 21 and auction them a day later. Meanwhile, Kenya is one of the leading countries fostering tax reforms for economic growth, a recent global report on corporate taxation shows. The OECD report titled Corporate Tax Statistics singles out Kenya as one of the global jurisdictions with a generous accelerated depreciation corporate tax policy alongside Italy, Papua New Guinea and Cote D'Ivoire. Kenya's tax policy allowing for the expensing of intangible assets is also noted as an innovative development.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.10	110.10	104.10	109.10
GBP/KES	129.20	137.20	129.70	136.70
EUR/KES	116.85	123.85	117.35	123.35
AED/KES	27.52	30.52	27.52	30.52

Money Market Rates	Current	Previous	Change
Interbank Rate	2.363%	1.908%	0.455
91-Day T-bill	6.274%	6.546%	-0.272
182-Day T-Bill	6.759%	7.048%	-0.289
364-Day T-Bill	7.700%	7.769%	0.069
Inflation	4.590%	5.330%	-0.740
CBR RATE	7.000%	7.000%	0.000

(Source: Central Bank of Kenya)



INTERNATIONAL NEWS

The U.S. dollar index was up on Thursday to 96.802. Investors turned to the safe-haven assets as the U.S. reported over 60,000 COVID-19 cases on Thursday, and dampened hopes of an economic recovery. Another event giving the dollar a boost was Thursday's U.S. Supreme Court ruling allowing prosecutors access to U.S. President Donald Trump's financial record. The ruling dealt a blow to Trump's battle to keep the details of his finances under wraps and is an unwelcome surprise to his for re-election in November.

The GBP/USD pair was under pressure at \$1.2580 on Thursday over Brexit uncertainty coupled with the UK Business Secretary walking away from the European Union's coronavirus vaccine scheme. The UK turned down the offer after failing to secure "sufficient assurance" that the Kingdom would receive the number of vaccines it needs on time.

The euro declined on Thursday to \$1.1290 over poor market sentiment. The Eurozone bond markets have priced out the stress injected by the coronavirus outbreak in March and April. However, that positive development is being overshadowed by a rise in the number of virus cases. That said, the euro will likely pick up a bid if the Eurozone EcoFin Meeting, due on Friday, ends on a positive note with the finance ministers moving closer to fiscal integration.

The Japanese yen took bids to 107.10 in the Kenyan economy. The Japan government is likely to slightly revise up economic assessment in the July report, according to government officials.

Elsewhere, global oil prices fell on Friday to \$42.10 per barrel and were headed for weekly declines on worries that renewed lockdowns following a surge in coronavirus cases in the United States and elsewhere would suppress fuel demand.

Indicative Profit Rates on Deposits

	Indicative Profit Rates on Deposits	
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.00%	1.25%
1 Month	6.50%	1.50%
3 Months	6.75%	1.75%
6 Months	7.00%	2.00%
1 year	7.25%	2.05%

Indicative Cross Rates

	Indicative Cross Rates	
	Bid	Offer
EUR/USD	1.1220	1.1340
GBP/USD	1.2430	1.2560
USD/AED	3.6675	3.6775

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(Source; Reuters)

USD/JPY	106.90	108.90
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