



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 11TH SEPTEMBER 2020

### DOMESTIC NEWS

Thursday's session in the local FX market saw the local currency continue trailing on the back foot, as dollar demand outweighed supply, and as a consequence the home unit closed the day marginally lower. Persistent dollar demand from key sectors of the economy in the last few weeks have outweighed the scarce supply, which continue to weigh on the shilling. Interbank trading activity remained muted as traders matched their flows with the available liquidity. We expect the USD/KES currency pair to continue with its range bound theme, albeit with a slightly bullish tinge in favor of the U.S dollar in the near term. By close of day, the local unit at 108.55/108.75 as compared to Wednesday's close of 108.50/108.70.

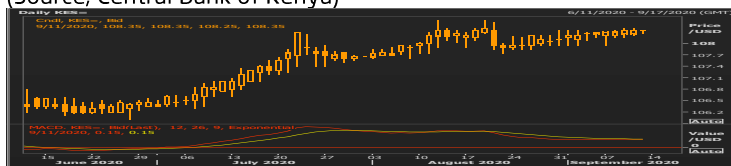
In other news, Kenya will set up in October a credit guarantee scheme for small and medium-sized businesses hit by the coronavirus, and its capital will eventually rise to at least 100 billion shillings (\$923 million), President Uhuru Kenyatta's office said on Thursday. In late May, the central bank had said such businesses needed urgent help to survive, saying that many were at risk of closing at the end of June if they received no help. Kenyatta's office said in a statement that the cabinet had approved setting up the scheme and that the government will put in an initial 5 billion shillings in capital in the fiscal year that started in July and a similar amount in fiscal 2021/22. The pandemic has slammed the economy, with the finance ministry projecting growth will slow to 2.5% this year from 5.4% last year.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.05	112.05	106.05	111.05
GBP/KES	135.20	143.20	135.70	142.70
EUR/KES	124.95	131.95	125.50	131.50
AED/KES	28.05	31.05	28.05	31.05

Money Market Rates	Current	Previous	Change
Interbank Rate	2.755%	2.550%	0.205
91-Day T-bill	6.267%	6.295%	-0.028
182-Day T-Bill	6.689%	6.627%	0.062
364-Day T-Bill	7.564%	7.554%	0.010
Inflation	4.360%	4.360%	0.000
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index dipped on Thursday to 93.165 giving up earlier gains. Investors had turned to the safe-haven asset after U.S. markets saw yet another stocks selloff overnight.

The GBP/USD pair inched up to \$1.2807 on Thursday. The pound faces further volatility, potentially its worst week since March, over the prospect of a no-deal Brexit. The European Union threatened legal action against the U.K., encouraging the latter to abandon plans announced earlier in the week to break the Brexit divorce treaty. But with the U.K.'s insistence on moving forward with draft legislation potentially breaking international law "in a limited way", threatens to undo four years of negotiations between the two parties.

The euro seesawed, initially rising but settled at \$1.1825 on Thursday over comments made by European Central Bank President Christine Lagarde that the bank does not target exchange rates. The European Central Bank committee decided to leave the interest rates on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility unchanged at 0.00%, 0.25% and -0.50%, respectively, as expected. The bank also left its purchases under the Pandemic Emergency Purchase Programme steady at €1,350 billion.

The Japanese yen remains mildly offered around 106.10 as markets in Tokyo open for trading. In doing so, the quote respects the latest recovery in Japanese data amid risk-off sentiment.

Elsewhere, global oil prices fell for a second day on Friday to \$39.88 per barrel, pressured by a surprise rise in U.S. stockpiles as the coronavirus pandemic continues to erode demand for fuels.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million	
	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	1.1710	1.1920
GBP/USD	1.2760	1.2970
USD/AED	3.6675	3.6775
USD/JPY	105.40	107.50

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1354/55, Cell +254 709913354/55. 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.