



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

## TREASURY MARKET UPDATE 12<sup>TH</sup> JUNE 2020

### DOMESTIC NEWS

The home currency succumbed to further pressure from its American counterpart for the third consecutive session. Paltry dollar inflows from various sectors were inadequate to topple the foreign currency demand from cagey importers, forcing the USD/KES currency pair further north. By close of trade, the local unit stood at 106.55/75 as compared to Thursday's close of 106.50/70.

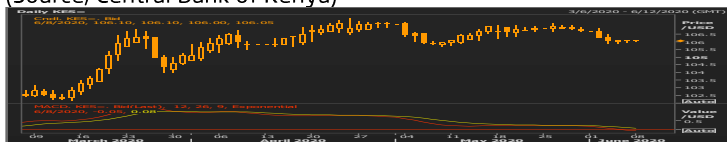
In other news, Kenya's finance minister Ukur Yatani on Thursday set a budget deficit of 7.5% of GDP for the fiscal year starting in July, saying the coronavirus pandemic had upended the government's plan to reduce reliance on debt. Under pressure from partners like the International Monetary Fund and investors, the East African nation had pledged to cut its deficit to 4.9% of annual economic output, but a series of shocks this year forced it to ditch the plan. Yatani, who was appointed in January after holding an acting post since last July, said the government will remove many tax exemptions to boost its revenue, which have fallen due to the impact of the coronavirus. The government plans to borrow 347 billion shillings from external sources during the year, he said, adding it will also issue its first sovereign green bond during the period.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	102.65	109.65	103.65	108.65
GBP/KES	130.85	138.85	131.40	138.40
EUR/KES	116.30	123.30	116.80	122.80
AED/KES	27.40	30.40	27.40	30.40

Money Market Rates	Current	Previous	Change
Interbank Rate	2.587%	2.695%	-0.108
91-Day T-bill	7.325%	7.333%	-0.008
182-Day T-Bill	8.200%	8.248%	-0.048
364-Day T-Bill	9.165%	9.198%	-0.033
Inflation	5.470%	5.620%	-0.150
CBR RATE	7.000%	7.000%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index pushed higher on Thursday to 96.318, with investors willing to head back towards this safe haven after the Federal Reserve's dreary economic outlook. The U.S. central bank projected that the U.S. economy would shrink 6.5% this year and the unemployment rate would be 9.3% at year's end. That was a gloomier view than many in the market had expected, particularly after Friday's shock employment report, and sent investors out of stocks, away from riskier currencies and towards bonds and the dollar.

The GBP/USD pair depreciated to \$1.2580 on Thursday. With Brexit talks hitting a snag coupled with the UK still suffering from relatively elevated COVID-19 cases the sterling is really taking a beating.

The euro fell to \$1.1358 on Thursday only registering small losses. The single currency has been boosted of late by signs of the continent's countries working together to combat the coronavirus, with the EU's executive Commission proposing a hefty recovery fund, made up of grants and loans for every EU member state.

The Japanese yen fails to keep the pullback from one-month low while easing to 106.80 during Friday's Tokyo open. The US and China remain at the loggerheads as China's Global Times continues to criticize the Trump administration officials

Elsewhere, global oil prices fell on Friday to \$35.69 per barrel, as a surge in U.S. coronavirus cases this week raised the prospect of a second wave of the COVID-19 outbreak hitting demand in the world's biggest consumer of crude and fuel.

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.00%	1.25%
1 Month	6.75%	1.75%
3 Months	7.00%	2.00%
6 Months	7.50%	2.25%
1 year	8.00%	2.50%

Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1210	1.1370
GBP/USD	1.2650	1.2760
USD/AED	3.6675	3.6775
USD/JPY	108.90	110.80

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