



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

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

### DOMESTIC NEWS

Heightened volatility persisted in the local markets with the home unit posting new lows against the US currency in Tuesday's trading session. From the onset, dollar demand from various sectors of the economy took center stage leaving the home unit exposed as at close of the session. Looking ahead, we expect the local currency to remain trapped within the current range, with direction of the USDKES pair remaining mostly flow driven in the near term. By close of trade, the local unit stood at 108.30/108.50 as compared to Monday's close of 108.00/20.

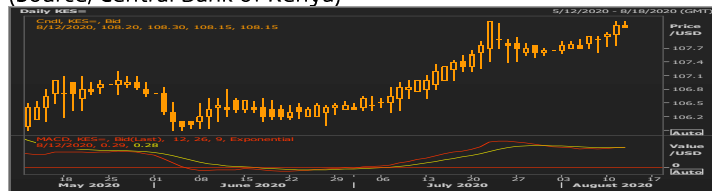
In other news, Kenya has received a \$150 million (Sh16.2billion) facility from the World Bank to improve living standards for 1.7 million residents living in selected Kenya's urban informal settlements. The country received the first phase of the fund in 2011 totaling to \$165 million. Speaking after the global lender's board approved the facility for Kenya late last week, World Bank acting director for Kenya said urbanization and an increasing share of the poor living in urban areas have outpaced services and infrastructure provision. She added that the project will also cushion urban informal settlement residents who depend on daily earnings against the negative socio-economic impact of the COVID-19 pandemic. The project will be implemented through institutional arrangements at the national level and county level.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.90	111.90	105.90	110.90
GBP/KES	137.15	145.15	137.65	144.65
EUR/KES	123.50	130.50	123.95	129.95
AED/KES	28.01	31.01	28.01	31.01

Money Market Rates	Current	Previous	Change
Interbank Rate	2.016%	2.169%	-0.153
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; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index found support on Tuesday at 93.765 with higher U.S. yields and rising hopes of a U.S. economic recovery from COVID-19. Yields on 10-year U.S. debt saw their biggest gains in two months attracting Japanese investors, ahead of a massive \$38 billion auction later in the day. Meanwhile, uncertainty surrounding the latest U.S. stimulus measures capped the dollar's gains, with investors looking to see if Congress can reach a consensus for the measures, with the stalemate weighing on U.S. equities as Democrats and Republicans blamed each other for the deadlock.

The GBP/USD pair was down to \$1.3035 as the sterling came under pressure after Tuesday's release of labor market data that missed expectations and indicated that British job losses were at their highest level in more than a decade last quarter.

The euro declined to \$1.1723 on Wednesday with the American dollar drawing bids on resurgent treasury yields. Apart from repositioning ahead of big debt issuance, the positive coronavirus vaccine news out of Russia and a general sense that the global recovery is looking broader and more robust could push US yields and the greenback higher.

The Japanese yen is currently trading at 106.70 as Tokyo opens for trading on Wednesday as what had been presumed to be Japanese fund managers buying USD/JPY below 105.

Elsewhere, global oil prices moved higher on Wednesday to \$44.65 per barrel after an industry report showed that U.S. inventories of crude fell more than analysts had expected, bolstering hopes that fuel demand in the world's biggest economy can weather the coronavirus pandemic.

### 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	1.1640	1.1790
GBP/USD	1.2995	1.3130
USD/AED	3.6675	3.6775
USD/JPY	105.50	108.30

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