



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

## TREASURY MARKET UPDATE 12TH OCTOBER 2020

### DOMESTIC NEWS

The local unit firmed up against the greenback in a rather quiet trading session. Despite the local FX counters remaining bid throughout the session, the shilling found some reprieve from augmented dollar supply. The inflows, most likely from diaspora remittances and NGO's, tipped the scales in favor of the Kenyan currency to end the day 5 cents higher than the previous close. As the week progresses, we expect flows to remain the main determinant for the direction of the USDKES pair. By close of day, the local unit stood at 108.45/108.65 as compared to Friday's close of 108.50/70.

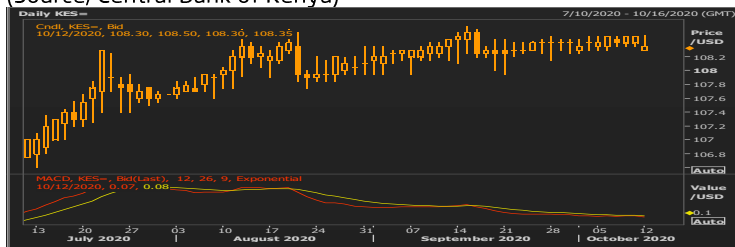
In other news, The CBK usable foreign exchange reserves remained adequate at USD 8,457 million (5.13 months of import cover) as at October 9. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover. In the meantime, liquidity levels remain high as the overnight rate dropped. The T-bill auction for this week benefitted as we finally saw an oversubscription, albeit marginal, after weeks of a show of disinterest from the market. A further boost in liquidity is expected after the President signed the County Revenue Allocation Bill into law, paving the way for the release of funds to counties after a 3-month delay.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.00	112.00	106.00	111.00
GBP/KES	137.55	145.55	138.00	145.00
EUR/KES	124.80	131.80	125.30	131.30
AED/KES	28.04	31.04	28.04	31.04

Money Market Rates	Current	Previous	Change
Interbank Rate	2.041%	2.077%	-0.036
91-Day T-bill	6.468%	6.400%	0.068
182-Day T-Bill	6.853%	6.839%	0.014
364-Day T-Bill	7.762%	7.744%	0.018
Inflation	4.200%	4.360%	-0.160
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index plunged on Friday to 92.997 on hopes that a deal for new U.S. stimulus would be reached. President Donald Trump offered a \$1.8 trillion coronavirus relief package in talks with House Speaker Nancy Pelosi - moving closer to Pelosi's \$2.2 trillion proposal. But Trump's offer drew criticism from several Senate Republicans, many of whom are uneasy about the nation's growing debt and concerned a deal would cost Republicans support in the upcoming presidential election, denting the risk-on mood. As the election looms closer, investors are increasingly betting on the likelihood of Trump losing to Democrat rival Joe Biden in the election.

The GBP/USD pair edged down to \$1.3033 on Friday ahead of the upcoming European Council meeting on Oct 15 to 16, where the Brexit deal with the U.K. is on the agenda. Investors are cautiously optimistic about the U.K. and the European Union reaching a deal by Prime Minister Boris Johnson's self-imposed deadline of Oct. 15.

The euro slipped to \$1.1818 on Friday as the European Central Bank officials warned of how the surge in coronavirus puts a mark over the economic recovery. European Central Bank President Christine Lagarde's speech due today could give more cues.

The Japanese yen is currently trading around 105.65, during the initial hour of Tokyo open on Monday. Japan's Machinery Orders recovered in August while PPI slowed down in September.

Elsewhere, global oil prices dropped for a second straight session on Monday to \$42.53 per barrel as U.S. producers began restoring output after Hurricane Delta weakened, while a strike that had affected production in Norway came to an end.

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	1.1620	1.1860
GBP/USD	1.2910	1.3190
USD/AED	3.6675	3.6775
USD/JPY	104.05	107.80

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