



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH AUGUST 2020

DOMESTIC NEWS

The Kenya shilling continued its losing streak in the midweek trading session, on account of unabated dollar appetite. Foreign currency inflows from various sectors of the economy could not hold the gush of increasing foreign currency appetite, dragging the USD/KES pair upwards although gradually. Looking ahead, we expect the home unit will trade on the back foot as demand for the buck continues to outweigh foreign currency supply, unless inflows trickle through in numbers. That said, players continue to keep an eye on any new developments. By close of trade, the local unit stood at 108.35/108.55 as compared to Tuesday's close of 108.30/50.

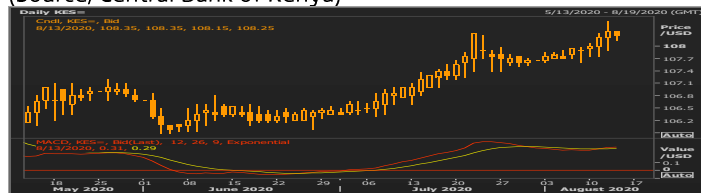
In other news, the next meeting of the Monetary Policy Committee (MPC) will be held on Tuesday, September 29, 2020. At its last meeting on 29th July 2020, the MPC held the Central Bank Rate stable at 7.00%, where it has been since 29 April. The decision was largely in line with market expectations. Policymakers said that the package of policy measures adopted since March to cushion the impact of the coronavirus pandemic were having the intended effect and added that it will be reinforced by implementations of fiscal measures announced in the FY2020/21 government budget. In the meantime, the monetary authority mopped up KES 10 Billion in excess liquidity at a weighted average rate of 3.413% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.00	112.00	106.00	111.00
GBP/KES	137.60	145.60	138.10	145.10
EUR/KES	124.55	131.55	125.05	131.05
AED/KES	28.04	31.04	28.04	31.04

Money Market Rates	Current	Previous	Change
Interbank Rate	1.960%	2.016%	-0.056
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 nursed losses at 93.237 against most of its peers on Wednesday amid fading hopes for a compromise between Republicans and Democrats over additional economic stimulus. President Donald Trump went so far as to accuse congressional Democrats of not wanting to negotiate over a U.S. coronavirus aid package as top Republican and Democratic negotiators traded blame for a five-day lapse in talks over relief legislation. Meanwhile, Chinese officials are widely expected to bring up Trump's ban of the TikTok and WeChat apps, due to be enforced in September, during an online meeting with U.S. officials on Saturday. The two sides will also discuss trade.

The GBP/USD pair eased to \$1.3058 on Wednesday as Brexit jitters continue with fisheries and level-playing field being the latest hurdle. The negotiators will resume the sixth round in the next week.

The euro dropped to \$1.1810 on Wednesday as data published by the Eurostat showed that Industrial Production in the euro area expanded by 9.1% on a monthly basis in June. Moreover, German's 30-year government bond yield turned positive on the day and the 10-year yield advanced to its highest level in nearly a month to provide an additional boost to the euro.

The Japanese yen drops to 106.75, as markets open in Tokyo for Thursday. Britain and Japan are jostling over the blue cheese in the latest difference following the arguments on automobiles.

Elsewhere, global oil prices were down to \$45.36 per barrel on Thursday but capped its losses after the U.S. Energy Information Administration predicted a large crude inventory draw.

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	1.1730		1.1870	
GBP/USD	1.3020		1.3150	
USD/AED	3.6675		3.6775	
USD/JPY	105.10		108.40	

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