



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH OCTOBER

2020

DOMESTIC NEWS

Market activity in the local scene favored the dollar as it traded higher against the local currency. The Kenya shilling has been under pressure as dollar demand from various sectors amidst muted foreign currency supply, pushing the USDKES pair to close slightly stronger from the day's opening levels. In the new week, we expect USDKES to trade within confined ranges with a bias of a weaker shilling. By close of day, the local unit stood at 108.50/108.70 as compared to Friday's close of 108.45/65.

In other news, Kenya has been warned over its bulging debt repayment bill and the fact that it is increasingly using more of its tax revenue to settle debt rather than provide services. Figures from the Quarterly Economic and Budget Survey (Q4), 2019/20 shows that Kenya's total debt rose significantly from KSh 6 Trillion in December 2019 to KSh 6.9 Trillion as at June 30th, 2020. The International Budget Partnership observes that Kenya's budget continues to be under pressure as the country increases its borrowing to service debts while also funding public projects and programs. Public debt repayment obligations are already getting heavier even with a recent decision by parliament to approve a move by Treasury to increase the debt ceiling to KSh 9 trillion until 2024. The International Budget Partnership advises that Kenya has to find ways to reduce its debt repayment burden by restructuring some of its debt.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KE S	105.00	112.00	106.00	111.00

INTERNATIONAL NEWS

The U.S. dollar index flirted with three-week lows on Monday at 93.168 as investors stuck to hopes that there will be large U.S. fiscal stimulus after the Nov. 3 election to shore up a pandemic-hit economy, supporting riskier currencies. While markets are getting skeptical about the chances of having a bipartisan package before the election, a widening lead by Democratic presidential candidate Joe Biden over President Donald Trump is leading investors to expect big stimulus after the election. A Biden victory is also seen as negative for the dollar partly because his pledge to hike corporate tax would reduce returns from investments in the United States.

The GBP/USD pair traded above the key \$1.30 level on Monday as hopes for a Brexit deal offset concerns about pressure on the economy from new coronavirus restrictions British Prime Minister Boris Johnson has announced.

The euro slipped to \$1.1795 on Monday as Johnson and Johnson paused coronavirus vaccine trials after a participant experienced an unexplained illness.

The Japanese yen eases from the recently marked intraday high of 105.40 to 105.35 amid the initial hour of Tokyo open on Tuesday. While the restart of the US treasury trading, after Monday's holiday, initially highlighted the risk-off mood, traders seem to reanalyze the catalysts by the press time.

Elsewhere, global oil prices were steady on Tuesday at \$41.74 per barrel, sitting on losses of nearly 3% from the previous session after supplies began to resume in Norway and the U.S. Gulf of Mexico and

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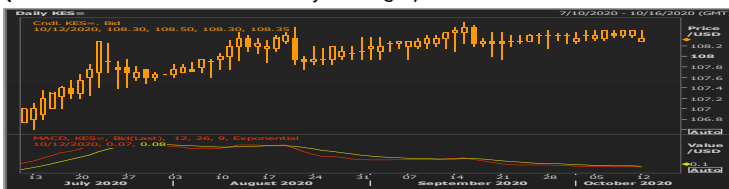
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GBP/K ES	137.55	145.55	138.00	145.00
EUR/K ES	124.80	131.80	125.30	131.30
AED/K ES	28.04	31.04	28.04	31.04

Money Market Rates	Current	Previous	Change
Interbank Rate	2.053%	2.041%	-0.012
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)

Libya resumed production at its largest oilfield.

Indicative Profit Rates on Deposits		
Million	Amounts > 10	Amounts >100,000
USD		
KES		
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	1.1650	1.1870
GBP/USD	1.2905	1.3195
USD/AED	3.6675	3.6775
USD/JPY	104.00	107.90

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