



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

## TREASURY MARKET UPDATE 14<sup>TH</sup> AUGUST 2020

### DOMESTIC NEWS

The Kenya shilling was stronger against the greenback in yesterday's trading session on the back of increased dollar inflows. The pressure on the shilling this week was seen from the corporate sector leading the shilling to weaken to an all-time record low. However, it received respite yesterday as dollar inflows outweighed demand. In today's session, the USDKES pair remains at the mercy of broader market flows to determine its near-term direction. By close of trade, the local unit stood at 108.25/108.45 as compared to Wednesday's close of 108.35/55.

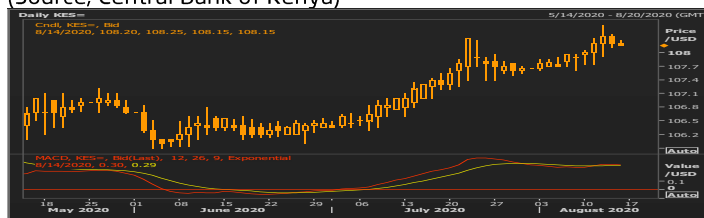
In other news, The National Treasury has upped the ante in domestic borrowing as it now seeks Ksh.70 billion in August's infrastructure bond sale. The raised target in the bond sale from Ksh.60 billion sort in July's bond sale is attributed to the government's quest to filter in high investor appetite for Treasury securities amidst COVID-19 led volatility in riskier investment classes. The Central Bank of Kenya (CBK) will be eyeing to pay less for the 11-year tenured bond as it pegs a 10.9 percent coupon rate on the sale which runs to August 18. High investor appetites for government securities has seen yields declining from the higher supply of investor funds along with CBK's rejection of expensive bids.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.90	111.90	105.90	110.90
GBP/KES	137.55	145.55	138.05	145.0
EUR/KES	124.55	131.55	125.05	131.05
AED/KES	28.01	31.01	28.01	31.01

Money Market Rates	Current	Previous	Change
Interbank Rate	1.757%	1.960%	-0.203
91-Day T-bill	6.200%	6.123%	0.077
182-Day T-Bill	6.561%	6.549%	0.012
364-Day T-Bill	7.517%	7.455%	0.062
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 was down on Thursday to 93.243 as doubts persist over the global economic recovery from COVID-19. Meanwhile, the unemployment rate remained unchanged at 5.70%. The U.S. said that the number of unemployment claims over the past week dipped below the one million mark for the first time since the COVID-19 outbreak. But the news was overshadowed by the grim reality that more than 30 million Americans are out of work, as well as the suspension of negotiations over the latest U.S. stimulus measures as the Senate wrapped up its session on Thursday.

The GBP/USD pair gained to \$1.3105 on Thursday as the UK's Brexit Negotiator David Frost's comments suggested a Brexit deal possibility in September. In addition, British PM Johnson's signal to the bloc for zero tariff quota deal also boosted the sterling. The EU and the UK negotiators will resume another round of Brexit talks from August 18.

The euro pulled back to \$1.1817 from \$1.1864 on Thursday owing to higher U.S. Treasury yields. However, considering the consensus that the Federal Reserve will allow inflation to spike higher before stepping forward with a significant policy.

The Japanese yen advanced to a fresh weekly high of 107.00 as markets open on Friday for the Tokyo session on account of higher U.S. yields which attracted Japanese investors.

Elsewhere, global oil prices advanced on Friday to \$45.10 per barrel and amid growing confidence that demand for fuel is starting to pick up despite the coronavirus pandemic that has slammed economies worldwide.

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	1.1750	1.1890
GBP/USD	1.3010	1.3170
USD/AED	3.6675	3.6775
USD/JPY	105.50	108.20

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