



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

## TREASURY MARKET UPDATE 14TH SEPTEMBER 2020

### DOMESTIC NEWS

Market activity in the local scene favored the greenback as it extended its gains against the home currency. The Kenya shilling has been under pressure as dollar demand from various sectors amidst muted foreign currency supply pushed the USDKES pair to close slightly stronger from the day's opening levels. Market chatter points to further losses for the shilling owing to limited inflows. By close of day, the local unit at 108.55/108.75 as compared to Thursday's close of 108.50/108.70.

In other news, Kenya's economy is expected to grow by less than 2.5% this year, the finance minister said, as it continues to reel from the effects of the coronavirus pandemic. The East African economy has been battered by the coronavirus, with tourism and small and medium-size businesses hit particularly hard. Growth is however expected to rebound to 6.0% in the medium term, said Finance Minister Ukur Yatani, in a document posted on the Treasury's website ahead of a formal launch of the budget-making process for the 2021/22 financial year. Interest and exchange rate stability "will be safeguarded over the medium-term", Yatani said, adding that inflation was expected to be contained within the 2.5-5% band. In the meantime, the monetary authority mopped up KES 30 Billion in excess liquidity at a weighted average rate of 2.420% in the 7-day term auction deposit.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.05	112.05	106.05	111.05
GBP/KES	135.15	143.15	135.70	142.70
EUR/KES	125.10	132.10	125.60	131.60
AED/KES	28.05	31.05	28.05	31.05

Money Market Rates	Current	Previous	Change
Interbank Rate	2.584%	2.623%	-0.039
91-Day T-bill	6.267%	6.295%	-0.028
182-Day T-Bill	6.689%	6.627%	0.062
364-Day T-Bill	7.564%	7.554%	0.010
Inflation	4.360%	4.360%	0.000
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index slumped on Friday to 93.192. Investors await the U.S. Federal Reserve's policy meeting, scheduled for Wednesday, with further monetary easing widely expected. But some investors cautioned against setting those expectations too high.

The GBP/USD pair was up to 1.2821 on Friday, despite fears that the U.K. would exit from the European Union (EU) with no trade deal mounting and putting pressure on the pound. London explicitly acknowledged that it could break international law by ignoring some parts of its European Union divorce treaty, prompting a rapid rebuke from the EU's chief executive. Former British prime ministers Tony Blair and John Major said Britain must drop a "shocking" plan to pass legislation that breaks its divorce treaty with the European Union, in a breach of international law.

The euro held firm after three straight days of gains at \$1.18455 on Friday. The common currency was supported after the European Central Bank showed no apparent sign of stemming the single currency's appreciation.

The Japanese yen pair inched down to 106.09 on Monday ahead of the ruling Liberal Democratic Party's vote for a new leader, due to take place later in the day. Chief Cabinet Secretary Yoshihide Suga is predicted to win in a landslide victory, with the successor to Abe expected to be appointed on Wednesday.

Elsewhere, global oil prices rose on Monday to \$39.92 a barrel as a tropical storm in the Gulf of Mexico forced companies to evacuate rigs and halt production, but gains were kept in check by wider concerns about excess supply and falling fuel demand.

### Indicative Profit Rates on Deposits

	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	1.1930
GBP/USD	1.2760	1.2980
USD/AED	3.6675	3.6775
USD/JPY	105.20	107.50

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