



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH JUNE 2020

DOMESTIC NEWS

The Kenyan shilling finally caught a break from the recent pressure, gaining some ground versus its American counterpart as foreign currency inflows from the agricultural sector came to the aid of the local currency outclassing the bantam appetite from importers. In the new week, the USD/KES spot price is expected remain flow driven in the absence of any market factors that will tip the domestic unit either way. By close of trade, the local unit stood at 106.50/70 as compared to Thursday's close of 106.40/60.

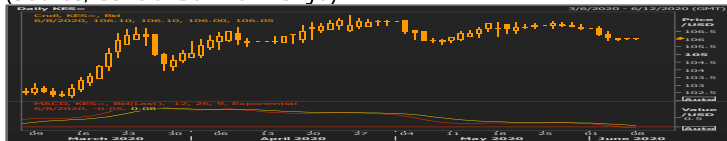
In other news, The government will support Small and Medium Enterprise to supply it with locally manufactured goods as opposed to importing. The Economic Stimulus Programme being put in place by the government will support businesses and mitigate effects of Covid-19. National Treasury CS Ukur Yatani, during his Thursday 2020/21 budget statement, said the government has set aside Sh56.6 billion to cater for the various thematic areas of the programme. The government is counting on the Economic Stimulus Programme and a Post Covid-19 Economic Recovery Strategy to stimulate economic activities, thereby culminating to a growth of 5.8 per cent in 2021 and 6.5 per cent by 2024. Meanwhile, The Kenyan central bank's Monetary Policy Committee will hold its next rate-setting meeting on 25th June 2020.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	102.65	109.65	103.65	108.65
GBP/KES	130.85	138.85	131.40	138.40
EUR/KES	116.30	123.30	116.80	122.80
AED/KES	27.40	30.40	27.40	30.40

Money Market Rates	Current	Previous	Change
Interbank Rate	2.339%	2.588%	-0.149
91-Day T-bill	7.325%	7.333%	-0.008
182-Day T-Bill	8.200%	8.248%	-0.048
364-Day T-Bill	9.165%	9.198%	-0.033
Inflation	5.470%	5.620%	-0.150
CBR RATE	7.000%	7.000%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index edged higher on Friday, to 96.743, with investors seeking a safe haven amid fears of a second wave of the Covid-19 outbreak and the possibility of renewed lockdowns to curb the spread. These fears have grown with the U.S. reporting more than 2 million Covid-19 cases as of June 12 and a number of the more populous states reporting increased numbers of infections. The market was still digesting a grim picture of the U.S. economic recovery painted by the U.S. Federal Reserve after it concluded its policy meeting on Wednesday.

The GBP/USD pair slumped to \$1.2583 on Friday after data showed that Britain's economy shrank by a record 20.4% in April from March as the country spent the month in a tight coronavirus lockdown. To add insult to injury, the U.K. and the E.U. still seem far away from each other with regards to Brexit talks.

The euro dropped to \$1.1225 on Friday as European Central Bank Vice President said it's too premature to discuss the possibility of creating a European bad bank to deal with risky debt.

The Japanese yen takes the bids near 107.50. The yen pair recently benefited from the broad US dollar strength as the market's risk aversion got a boost after weekend headlines suggested increased fears of the coronavirus.

Elsewhere, global oil prices fell on Monday, to \$37.84 per barrel, as new coronavirus infections hit China and the United States, raising the prospect that renewed outbreaks of the virus could weigh on the recovery of fuel demand.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
2 Weeks	6.00%		1.25%	
1 Month	6.75%		1.75%	
3 Months	7.00%		2.00%	
6 Months	7.50%		2.25%	
1 year	8.00%		2.50%	

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1210	1.1370
GBP/USD	1.2650	1.2760
USD/AED	3.6675	3.6775
USD/JPY	108.90	110.80

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/55, Cell +254 709913351/55. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.