



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH JULY 2020

DOMESTIC NEWS

The home unit succumbed to further losses versus the greenback in Tuesday's active session. Augmented dollar demand from energy and manufacturing sectors dominated counters through the day amidst dwindling inflows, leaving the USDKES pair's price action skewed to the upside in what was a one way move. Looking ahead, it remains to be seen whether the depreciation of the home unit will continue, and new trading ranges set. By close of trade, the local unit stood at 107.25/45 as compared to Monday's close of 107.15/35.

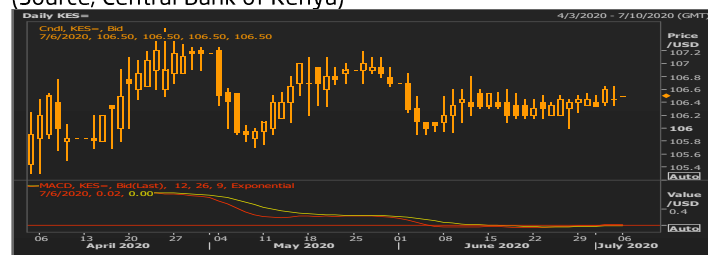
In other news, S&P Global Ratings on Tuesday revised Kenya's outlook to 'negative' from 'stable', citing that the coronavirus pandemic will slow the country's GDP growth significantly in 2020 and weigh on its already weak public finances. "Although external financial support, including from the International Monetary Fund (IMF), will help fund Kenya's twin fiscal and external deficits in 2020, external debt will rise sharply in 2020 and remain high in 2020-2023," the ratings agency said. S&P affirmed Kenya's ratings at 'B+/B'. In the meantime, the monetary authority was in the money market in a bid to mop KES 35 billion in the 7-day term auction deposit at a weighted average rate of 3.001%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.85	110.85	104.85	109.85
GBP/KES	130.95	138.95	131.50	138.50
EUR/KES	118.90	125.90	119.40	125.40
AED/KES	27.73	30.73	27.73	30.73

Money Market Rates	Current	Previous	Change
Interbank Rate	1.676%	1.696%	-0.020
91-Day T-bill	6.546%	6.700%	-0.154
182-Day T-Bill	7.048%	7.395%	-0.347
364-Day T-Bill	7.769%	8.194%	-0.425
Inflation	4.590%	5.330%	-0.740
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index extended losses on Tuesday to 96.225 after U.S. consumer prices rebounded 0.6% month-on-month, the most in nearly eight years, in June, easing worries about deflationary pressures from the economic downturn. Meanwhile, President Donald Trump signed legislation and an executive order to hold China "accountable" for the national security law it imposed on Hong Kong. Trump also signed a bill approved by the Congress to penalise banks doing business with Chinese officials who implement the new security law.

The GBP/USD is looking for a new direction after the UK clashed with China over Huawei on Tuesday settling at \$1.2589 and ahead of all-important inflation, jobs, and retail sales figures from the UK.

The euro gained momentum to \$1.1360 on Tuesday on hopes European Union leaders may agree on stimulus and deepening fiscal integration to shield the economy from the pandemic at its summit later this week. The pressure to sign off the accord is also coming from the European Central Bank.

The Japanese yen seesaws around the intraday high of 107.30 amid the initial hour of Tokyo open on Wednesday. The Bank of Japan left its policy unchanged, as expected. Governor Haruhiko Kuroda and his colleagues reiterated their commitment to act without hesitation.

Elsewhere, global oil prices rose on Wednesday to \$43.09 per barrel following a sharp drop in U.S. crude inventories, with the market waiting for next steps from a meeting later in the day on the future level of output cuts by OPEC and its allies.

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	6.55%	1.75%		
6 Months	6.75%	2.00%		
1 year	7.00%	2.05%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1320	1.1450
GBP/USD	1.2505	1.2630
USD/AED	3.6675	3.6775
USD/JPY	106.50	108.80

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.