



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH SEPTEMBER 2020

DOMESTIC NEWS

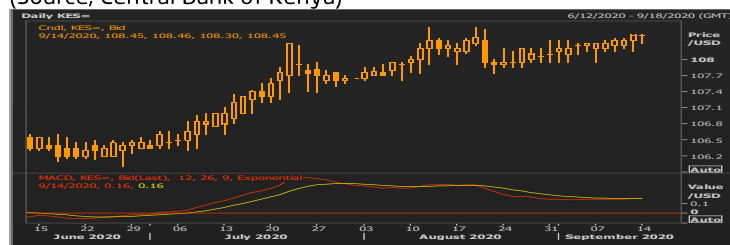
The Kenya Shilling closed the first trading day of the week a touch weaker against the U.S dollar owing to increased foreign currency appetite. Market activity was slow to pick up as a number of major corporates remained on the sidelines. However, some buying took place later in the day as market players assessed their dollar needs and others covered their positions. The local unit is expected to trade within the current ranges and flows coupled with liquidity in the local currency is likely to guide the trading direction. By close of day, the local unit at 108.55/108.75 as compared to Monday's close of 108.50/108.70. In other news, Small and medium enterprises are set to enjoy a raft of preferential benefits from the Kenya Bureau of Standards (KEBS) following the passing of a policy geared at supporting their growth. A communique issued by KEBS, confirms that among other benefits, MSMEs will now enjoy graduated costs for all services offered by the national standards body. They have previously been paying applicable rates at the same rate as established corporates. Statistical data estimates that Kenya's MSMEs contribute approximately 40 per cent of the GDP with the majority falling in the informal sector. The new MSME policy is envisioning a vibrant sector sustainably producing high quality products accessible to local and global markets. In the meantime, the monetary authority mopped up KES 20 Billion in excess liquidity at a weighted average rate of 2.948% 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 dipped to 93.029 on Monday as hopes for a COVID-19 vaccine and big corporate deals improved investor appetite. Meanwhile, traders are looking to central bank policy meetings in the United States on Wednesday. This week's Federal Reserve meeting will be its first since Chairman Jerome Powell unveiled a shift toward greater tolerance of inflation, effectively pledging to keep interest rates low for longer.

The GBP/USD pair edged up to \$1.2862 on Monday, despite the continuing turmoil surrounding Brexit negotiations. However, the pound remains volatile, with an initial parliamentary vote on the U.K.'s controversial bill to violate the Brexit agreement with the European Union (EU) passed. The EU warned that the passage of the U.K.'s bill would lead to a collapse in negotiations, increasing the possibility of a no-deal Brexit.

The euro advanced to \$1.1890 on Monday, benefitting from the weak tone in the US dollar. The greenback is on the offer with macro data releases, painting a positive picture of the Chinese economy.

The Japanese yen inched down to 105.65 on Tuesday. Yoshihide Suga looks set to replace incumbent Prime Minister Shinzo Abe after comfortably winning the leadership of the ruling Liberal Democratic Party pending a parliamentary vote on Wednesday.

Elsewhere, global oil prices slipped on Tuesday to \$39.56 per barrel as worries over slow recovery in global fuel demand were reinforced by warnings by major oil producers.

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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