



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH JULY 2020

DOMESTIC NEWS

The Kenyan currency traded with a weaker tone against the greenback on Wednesday as trading volumes remained thin in the market. Dogged but gradual dollar appetite from corporates and interbank players was more than sufficient to trample on the fickle foreign currency inflows compelling the local unit to close on the back foot against the dollar. With demand for the buck presently lurking, we see the shilling enduring its bearish run in the near term. That said, we await to see the currency pair's test of resilience as flows continue to guide the market direction. By close of trade, the local unit stood at 107.35/55 as compared to Tuesday's close of 107.25/45.

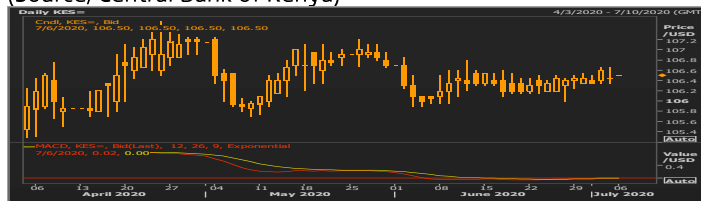
In other news, Global rating firm Standard and Poor's (S&P) has downgraded Kenya's sovereign credit outlook to 'negative' from 'stable', citing stalled economic growth due to coronavirus pandemic. The rating firm said the weak growth of less than a percentage, lowest in a decade, will significantly weigh on the country's already weak public finances. It affirmed Kenya's ratings at 'B+/B' which suggests that while the government is able to meet its financial commitments it may be left highly exposed to adverse economic conditions. In the meantime, the monetary authority was in the money market in a bid to mop KES 25 billion in the 7-day term auction deposit at a weighted average rate of 3.022%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.95	110.95	104.95	109.95
GBP/KES	130.90	138.90	131.40	138.40
EUR/KES	118.80	125.80	119.50	125.50
AED/KES	27.75	30.75	27.75	30.75

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 dipped on Wednesday to 96.032 as hopes for a COVID-19 vaccine dimmed, with doubts surfacing over the efficacy of Moderna's potential COVID-19 vaccine in immunizing against coronavirus. Meanwhile, U.S. Secretary of State Mike Pompeo on Wednesday said the United States would impose visa restrictions on Chinese firms like Huawei Technologies Co Ltd that he accused of facilitating human-rights violations. In addition, tensions remain in place, with China threatening to retaliate after Trump stripped Hong Kong of its special trading privileges and signed an executive order for initial sanctions.

The GBP/USD pair plunged to \$1.2569 on Wednesday as tensions between the U.K. and China are rising over the United Kingdom's directive to purge Huawei equipment from the country's telecommunication network by 2027.

The euro hovered around the \$1.1400 region on Wednesday on hopes that European leaders can agree on a recovery fund. The main focus today in markets will be the European Central Bank rate decision.

The Japanese yen funnels down the below 107.00 area while taking rounds to 106.95 amid the pre-Tokyo Asian session on Thursday owing to economic pessimism being cited by the Bank of Japan.

Elsewhere, global oil prices eased on Thursday to \$43.52 per barrel after OPEC and allies such as Russia agreed to taper record supply curbs from August, though the drop was cushioned by hopes for a swift U.S. demand pick-up after a big drawdown from the country's crude stocks.

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	1.1350	1.1480
GBP/USD	1.2500	1.2660
USD/AED	3.6675	3.6775
USD/JPY	106.05	108.70

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.