



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH SEPTEMBER 2020

DOMESTIC NEWS

There was little reprieve for the Kenya Shilling on Tuesday as it continued to edge lower against the greenback. Dollar demand from businesses remains elevated amid scarce inflows from sellers. In the new day further depreciation of the home unit seems plausible as the local market continues to witness growing foreign currency demand. By close of day, the local unit at 108.65/108.85 as compared to Monday's close of 108.55/108.75.

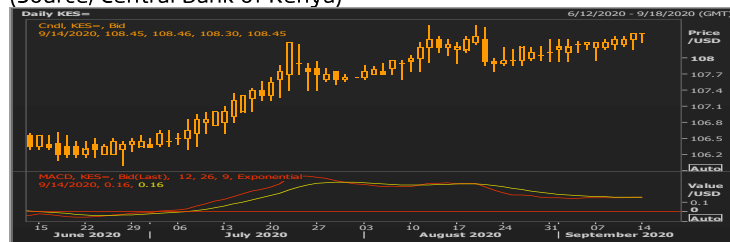
In other news, Kenya's budget deficit for this financial year could increase due to revenue shortfalls and coronavirus-related disruptions, the finance minister said on Tuesday. Ukur Yatani, who set the deficit at 7.5% of GDP when he presented the budget in June, did not say how far the gap was likely to expand, adding that they were developing a plan to cover it. Revenue collection underperformed by 40 billion shillings (\$368.49 million) in the first two months of the financial year, July and August, he said, adding that he will present a supplementary budget in December or January. The East African nation, whose government expects economic growth to slide to less than 2.5% this year, has avoided taking up a debt repayments standstill offered through a G-20 initiative to offer relief to poor nations as they battle the pandemic.

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	2.717%	2.332%	0.385
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 was down on Tuesday to 93.085, with investors fine-tuning their positions ahead of a U.S. Federal Reserve policy meeting. The Fed will meet on Wednesday to hand down its policy decision, its first meeting since Fed Chairman Jerome Powell announced a more relaxed approach to inflation at the Jackson Hole symposium on August 27. This stance is widely expected to be continued and may weaken the greenback with the introduction of further stimulus measures.

The GBP/USD pair edged up to \$1.2915 on Tuesday. The pound rose on the back of Tuesday's better-than-expected job figures, as well as opposition to a bill proposing to break the U.K.'s Brexit treaty with the European Union. The U.K. will release a slew of data for August, including the consumer price index, later in the day.

The euro turned negative on Tuesday at \$1.1830 amid a recovery of the US dollar across the board. Additional bullish pressure for the EUR may have stemmed from reports that UK's Prime Minister Boris Johnson is prepared to compromise with Tory party rebels over the Brexit bill.

The Japanese yen extends the weekly south run to 105.30, as trading in Tokyo begins for Wednesday. The yen major's latest catalysts could be Japan's trade numbers for August.

Elsewhere, global oil prices rose on Wednesday to \$40.68, as a hurricane disrupted U.S. offshore oil and gas production and an industry report showed a big drop in U.S. crude stockpiles.

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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