



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 17<sup>TH</sup> AUGUST 2020

### DOMESTIC NEWS

The shilling fluttered between gains and losses on Friday, ending the day a tad weaker. The morning trading session started quietly with few dollar offers seen. However, as dollar demand remained persistent, the offers were taken up quickly and local unit ended the day on the back foot. Market chatter alludes to the local currency trading within current ranges albeit with a bearish bias. Flows will continue to dominate market trading. By close of trade, the local unit stood at 108.35/108.55 as compared to Thursday's close of 108.25/45.

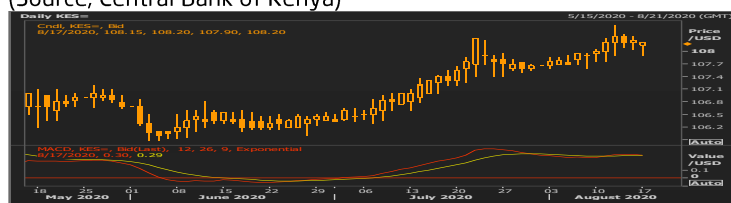
In other news, The Government has welcomed a \$150 million (Sh16.2billion) credit from the International Development Association of the World Bank for the continued upgrading of informal settlements in select urban areas across the country. The funds will be used to finance the second phase of the Kenya Informal Settlements Improvement Project (KISIP) that is focused on improving living conditions and livelihoods in informal settlements. This will be done through an integrated approach comprising infrastructure upgrading, strengthening tenure security, enhancing socio-economic inclusion, and supporting institutional as well as policy development. In the meantime, the monetary authority mopped up KES 5 Billion in excess liquidity at a weighted average rate of 2.694% in the 7-day repo.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.00	112.00	106.00	111.00
GBP/KES	138.00	146.00	138.55	145.55
EUR/KES	125.15	132.15	125.65	131.65
AED/KES	28.04	31.04	28.04	31.04

Money Market Rates	Current	Previous	Change
Interbank Rate	1.830%	1.757%	0.073
91-Day T-bill	6.200%	6.123%	0.077
182-Day T-Bill	6.561%	6.549%	0.012
364-Day T-Bill	7.517%	7.455%	0.062
Inflation	4.360%	4.590%	-0.230
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 Friday to 93.023 but capped its losses after a meeting between U.S. and Chinese officials, originally scheduled for Saturday, was delayed. Scheduling conflicts reportedly led to the postponement of an online meeting to discuss trade, as well as other issues. Investors will also be keeping an eye on the U.S. presidential elections, now less than three months away as the four-day Democratic national convention is due to being later Monday. Meanwhile, The U.S. Federal Reserve is due to release its minutes on Thursday, with traders on the lookout for any clues to policy changes ahead of the Federal Reserve September meeting.

The GBP/USD pair eased to \$1.3098 on Friday ahead of the key Brexit talks which commence on Tuesday. The UK's Brexit negotiator David Frost is targeting a September trade deal after the recent chatter concerning the same time.

The euro was changed hands at \$1.1854 on Friday as Europe reported fresh COVID-19 outbreaks, with Italy and Spain ordering nightclubs to be shut while France warned of an uptick of cases.

The Japanese yen dropped to 106.53 as Tokyo opens for the Monday session. Japan reported a record economic contraction in the second quarter, with gross domestic product shrinking 27.8% year-on-year.

Elsewhere, global oil prices rose on Monday to \$45.10 per barrel as China's plans to ship in large volumes of U.S. crude in August and September outweighed concerns over a slowdown in demand recovery after the coronavirus pandemic and an uptick in supplies.

### 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	1.1805	1.1950
GBP/USD	1.3020	1.3160
USD/AED	3.6675	3.6775
USD/JPY	105.40	108.10

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.