



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH JULY 2020

DOMESTIC NEWS

The odds were against the local currency on Thursday as increased dollar demand edged the USD/KES currency pair higher. Appetite for foreign currency took a front seat very early in the session, and with minimal foreign currency inflows from various sectors of the economy offering support, the home unit had to consent to a loss. Looking forward, the local unit may continue its weakening stance, weighed down by burgeoning dollar demand. That said, players continue to keep an eye on any new developments. By close of trade, the local unit stood at 107.45/65 as compared to Wednesday's close of 107.35/55.

In other news, The European Union has funded an agriculture programme for selected 200 women and youth led enterprises for support. An additional Sh17.1 billion in loans will also be leveraged from local financial institutions to support the enterprises. Over a five-year period, the programme will support over 1,600 enterprises to develop bankable business plans, 1,200 enterprises to access financing from financial institutions and over 1,500 women to access EU supported community level micro financial services. 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 3.155%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.10	111.10	105.10	110.10
GBP/KES	131.15	139.15	131.65	138.65
EUR/KES	118.95	125.95	119.50	125.50
AED/KES	27.80	30.80	27.80	30.80

Money Market Rates	Current	Previous	Change
Interbank Rate	1.758%	1.934%	-0.176
91-Day T-bill	6.011%	6.274%	-0.263
182-Day T-Bill	6.524%	6.759%	-0.235
364-Day T-Bill	7.464%	7.700%	-0.236
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 was up on Thursday to 96.278, with investors turning to the safe-haven asset as the number of COVID-19 cases continue to be smash records. With some U.S. COVID-19 stimulus measures due to expire at the end of July, the U.S. Congress is scheduled to debate further measures the following week. Investors will be watching to see how what measures will be passed to prop up the world's largest economy against COVID-19's impact.

The GBP/USD pair escalated to \$1.2570 on Thursday as the UK Prime Minister Boris Johnson is set to pour 3 billion pounds into England's National Health Service (NHS) to try to ward off any resurgence of the coronavirus favored the quote.

The euro lost traction to settle at \$1.1384 on Thursday after The European Central Bank - at the July monetary policy meeting held this Thursday - decided to maintain the status quo and left key interest rates unchanged. However, hopes that the European leaders will make progress in agreeing on a roughly €1.85 trillion package continued lending some support to the shared currency.

The Japanese yen drops to 107.25 ahead of the Tokyo open on Friday. It's worth mentioning that The U.S. is considering banning all members of the Chinese Communist Party and their families from traveling to the U.S.

Elsewhere, global oil prices were unchanged on Friday at \$43.37 per barrel with trading marked by growing uncertainty about global recovery in fuel demand as new COVID-19 cases surge in several countries just as major producers get set to loosen production curbs.

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	1.1290	1.1430
GBP/USD	1.2510	1.2650
USD/AED	3.6675	3.6775
USD/JPY	106.60	108.90

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