



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

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

### DOMESTIC NEWS

The Kenyan shilling strengthened on Tuesday, supported by dollar inflows from various sectors amid muted dollar demand from oil importers. In today's session, it is expected that the USD/KES pair will continue trading within the recently established ranges as demand and supply forces continue to battle out. By close of trade, the local unit stood at 106.35/55 as compared to Monday's close of 106.50/70.

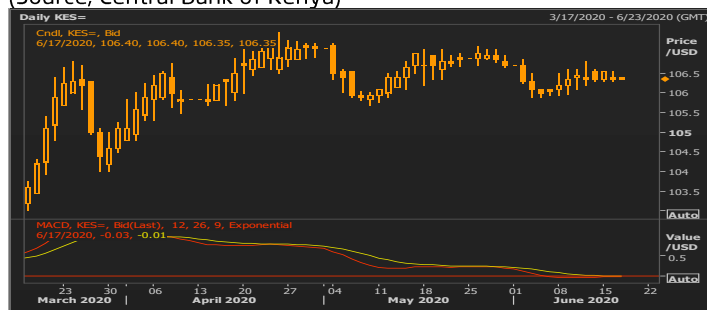
In other news, the government's intervention to jump-start the economy falls short by Sh170 billion. Experts are of the opinion that some of the intervention measures might not be enough to jumpstart Kenya's battered economy, even as the government prepares to spend Sh2.79 trillion in the next financial year starting July 1. This includes the Economic Stimulus Programme and the Credit Guarantee Scheme announced by National Treasury CS Ukur Yatani. Meanwhile, across the pond, the monetary authority was in the money market in a bid to mop KES 25 billion in 6, 14, 21 and 28-day term auction deposits at a weighted average rate of 3.037%, 4.475% and 4.05% respectively.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.10	110.10	104.10	109.10
GBP/KES	129.90	137.90	130.40	137.40
EUR/KES	116.70	123.70	117.20	123.20
AED/KES	27.52	30.52	27.52	30.52

Money Market Rates	Current	Previous	Change
Interbank Rate	2.530%	2.457%	-0.073
91-Day T-bill	7.259%	7.325%	-0.066
182-Day T-Bill	8.058%	8.200%	-0.142
364-Day T-Bill	9.030%	9.165%	-0.135
Inflation	5.470%	5.620%	-0.150
CBR RATE	7.000%	7.000%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index held firm on Tuesday at 97.003 after U.S. retail sales jumped far more than expected in May. The surge in retail sales last month recouped 63% of March and April's decreases, raising hopes of a quick recovery in the consumption, the driver of the U.S. economy. However, Federal Reserve chairman Jerome Powell also doused some of the rosy expectations, as he painted a rather bleak picture of the U.S. economy while also cementing market hopes for continued policy support. Powell added that a full U.S. economic recovery will not occur until the American people are sure that the novel coronavirus epidemic has been brought under control.

The GBP/USD pair slumped to \$1.2577 on Tuesday. Its recent weakness has been attributed to the broad US dollar recovery as well as receding risk-on sentiment, backed by the fears of coronavirus second wave as well as the Bank of England's readiness to act to combat the virus economic shocks.

The euro's uptrend remained intact at \$1.1263 on Tuesday on news that the Trump administration is preparing a nearly \$1 trillion infrastructure proposal.

The Japanese yen flops to 107.24 as markets in Tokyo open for Wednesday's trading. It should be noted that the market's trading sentiment seems to recede the previous optimism as Japan marks the highest fresh pandemic numbers since May 30.

Elsewhere, global oil prices dropped on Wednesday to \$40.07 per barrel as data showed an increase in U.S. crude and fuel inventories, raising the prospect of an oversupply threatening to halt any recovery of demand.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
2 Weeks	6.00%	1.25%		
1 Month	6.75%	1.75%		
3 Months	7.00%	2.00%		
6 Months	7.50%	2.25%		
1 year	8.00%	2.50%		

### Indicative Cross Rates

	Indicative Cross Rates	
	Bid	Offer
EUR/USD	1.1220	1.1350
GBP/USD	1.2505	1.2640
USD/AED	3.6675	3.6775
USD/JPY	106.60	108.90

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