



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

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

### DOMESTIC NEWS

The shilling waffled to the weaker side at the start of the week as demand for the greenback dominated the market. The narrative of a higher dollar demand side persisted in the local FX market as players held on to paltry inflows, leaving the local currency somewhat weaker by close of business. In today's session, the home unit remains exposed to further downside risks weighed down by burgeoning dollar demand. That said, players continue to keep an eye on any new developments and flows continue to guide the direction for the USD/KES pair. By close of day, the local unit stood at 109.10/109.30 as compared to Friday's close of 109.05/109.25.

In other news, Kenyans are likely to pay more for imported goods, fuel, and electricity this month as the shilling continues to weaken against the dollar. The shilling touched a record low against the US dollar yesterday, trading at 109.28 in the mid-morning, dropping to 109.25 in the afternoon. The country heavily depends on finished imported goods and on account of the lower shilling traders will pass the extra cost to consumers subsequently pushing up the cost of living. Central Bank of Kenya data shows that commercial banks' excess reserves dropped to Sh9.8 billion last week from Sh10.5 billion the week ended November 7. The value of the shilling has in the past three months weakened against major currencies as people opt to store wealth in stable papers to cushion against Covid-19 economic turmoil.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.60	113.60	107.60	112.60
GBP/KES	141.55	149.55	142.05	149.05
EUR/KES	127.10	134.10	127.60	133.60
AED/KES	28.47	31.47	28.47	31.47

Money Market Rates	Current	Previous	Change
Interbank Rate	2.904%	2.738%	0.166
91-Day T-bill	6.674%	6.666%	0.008
182-Day T-Bill	7.114%	7.072%	0.042
364-Day T-Bill	8.042%	7.994%	0.048
Inflation	4.840%	4.200%	0.640
CBR RATE	7.000%	7.000%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index slumped on Monday to 92.502, despite optimism over the latest positive news on the COVID-19 vaccine front. This is as more U.S. states introduce restrictive measures to curb the virus and as worries about a smooth transfer of presidential power in the U.S. in January mount up. Moderna Inc reported a 94.5% efficacy rate for its candidate. The news follows Pfizer Inc and BioNTech's announcement that the vaccines prevented more than 90% of symptomatic coronavirus infections. Meanwhile, there is some uncertainty about Biden's plans to tackle the coronavirus and stimulate the economy as the Trump administration resists cooperation with Biden's transition team.

The GBP/USD pair edged up to \$1.3216 on Monday over reports that the U.K. and the European Union could reach a Brexit divorce agreement by the beginning of the following week.

The euro remained bid above \$1.1850 on Monday as the hopes for coronavirus vaccine and the prospects of the global economy returning to normalcy in 2021 continue to weigh over the safe-haven dollar.

The Japanese yen is currently trading at 104.45 on rising stocks and vaccine hopes. Positive news on Moderna's (MRNA) COVID-19 vaccine trial added to the upside for stock markets which were already buoyed by economic growth data from Asia.

Elsewhere, global oil prices were up on Tuesday to \$44.09 per barrel as multiple vaccine makers delivered positive information on their progress, with investors pinning their hopes on a rise in demand in the coming year.

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	1.1770	1.1940
GBP/USD	1.3150	1.3390
USD/AED	3.6675	3.6775
USD/JPY	103.60	105.90

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