



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH AUGUST 2020

DOMESTIC NEWS

The shilling waffled to the weaker side at the start of the week as demand for the greenback dominated the trading session. The local unit held steady in early trading as activity on both demand and supply counters remained well matched. This changed later in the day after dollar buying momentum picked up slightly, overwhelming the sellers, to leave the home unit on the back foot. Looking ahead, we expect the local currency to remain trapped within the current range, with direction of the USDKES pair remaining mostly flow driven in the near term. By close of trade, the local unit stood at 108.40/108.60 as compared to Friday's close of 108.35/108.55.

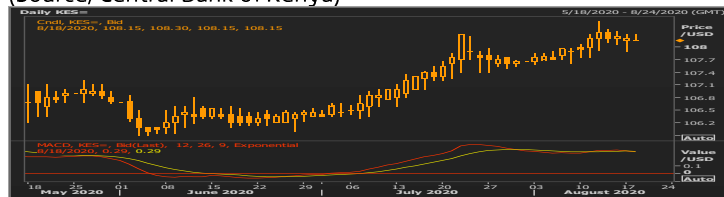
In other news, Kenya Revenue Authority (KRA) has moved to diversify excise stamps standards, an initiative that will help manufactures address huge market returns and seal revenue loss gaps. This is under the second phase of the Excise Goods Management System (EGMS) on bottled water, juices, and non-alcoholic drinks which came into place on November 13, last year. The taxman targets excise revenues of between Sh3.5 billion to Sh4 billion annually, from a previous Sh1.4 billion. KRA is keen to increase revenue collection to help bridge budget deficits, which continue to push the government into borrowing, spiking the national debt. In the meantime, the monetary authority mopped up KES 20 Billion in excess liquidity at a weighted average rate of 2.778% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.85	111.85	105.85	110.85
GBP/KES	138.30	146.30	138.85	145.85
EUR/KES	125.40	132.40	125.90	131.90
AED/KES	28.00	31.00	28.00	31.00

Money Market Rates	Current	Previous	Change
Interbank Rate	2.317%	1.830%	0.487
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 dipped on Monday to 92.642 with a triple menace of retreating yields, disappointing U.S. economic data and a drop in safe-haven demand dampening investor sentiment. Meanwhile, investors are keeping an eye on the latest round of U.S.-China tensions after the U.S. Commerce Department on Monday further restricted Chinese tech company Huawei's access to commercially available chips. The US Commerce Department announced that it added 38 Huawei affiliates to the US economic blacklist and revived concerns over a further escalation in the US-China geopolitical tensions.

The GBP/USD pair gained to \$1.3134 on Monday with the U.K and the European Union scheduled to commence the latest round of Brexit negotiations on Tuesday.

The euro continued to grind higher at \$1.1887 on Monday. Markets' attention remains fixed on the US political arena, where another fiscal stimulus package still waits to be discussed by US lawmakers.

The Japanese yen slumped to 105.67 as Tokyo opened for the Tuesday session. Japan data showed that Industrial Production expanded by 1.9% on a monthly basis in June following May's increase of 2.7% but was largely ignored by the market participants.

Elsewhere, global oil prices slipped on Tuesday to \$45.15 per barrel though they mostly held onto overnight gains after OPEC+ said the producer grouping is almost fully complying with output cuts to support prices amid a drop in demand for fuels due to the coronavirus pandemic.

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	1.1820	1.1960	
GBP/USD	1.3105	1.3210		
USD/AED	3.6675	3.6775		
USD/JPY	104.30	107.50		

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.