



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

## TREASURY MARKET UPDATE 18<sup>TH</sup> JUNE 2020

### DOMESTIC NEWS

The local currency shone on Wednesday, gaining traction versus the greenback in what was a relatively active close to the midweek session. Foreign currency inflows from various sectors of the economy propped up the shilling, although some of its gains were reversed as dollar buyers retreated from the sidelines to take advantage of the somewhat fair prices. It remains to be seen whether the shilling can extend its renewed uptick. That said, the current trading ranges continue to be mainly flow driven with fundamentals taking a back seat in the interim. By close of trade, the local unit stood at 106.25/45 as compared to Tuesday's close of 106.35/55.

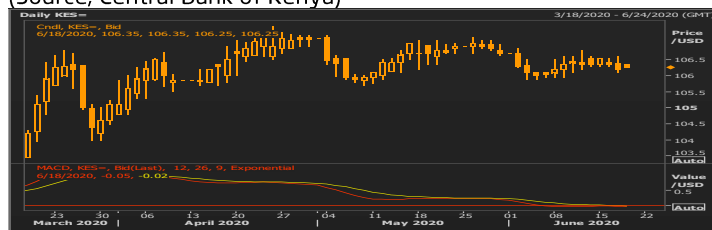
In other news, Kenya will wait another day to see if it can capture the seat to be non-permanent member of the United Nations at UN-Security Council. This is after it garnered 113 votes beating its rival Djibouti in Wednesday's voting. Kenya and Djibouti are seeking to replace South Africa for 2021-22. The UN's Security Council has the primary responsibility of maintaining international peace and security. Meanwhile, the monetary authority was in the money market in a bid to mop KES 30 billion in 7, 14, 21 and 28-day term auction deposits at a weighted average rate of 3.093%, and 4.00% respectively.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	102.95	109.95	103.95	108.95
GBP/KES	129.55	137.55	130.10	137.10
EUR/KES	116.25	123.25	116.75	122.75
AED/KES	27.48	30.48	27.48	30.48

Money Market Rates	Current	Previous	Change
Interbank Rate	2.996%	2.530%	0.466
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 drifted lower on Wednesday to 96.852, as investors tried to digest a combination of upbeat economic data, a gloomy prognosis from the Federal Reserve chairman, worries about a second Covid-19 wave and diplomatic tensions in Asia. Beijing reported 21 new cases linked to an outbreak at the Xinfadi market on Wednesday, while Texas reported an 11% jump in hospitalizations on the same day. The spikes pointed to a troubling trend. In the meantime, tensions have been rising between China and India, with clashes at a disputed border site leaving an unspecified number of casualties.

The GBP/USD pair gained on Wednesday to \$1.2555, ahead of the Bank of England's policy meeting on Thursday. The central bank is widely expected to give its quantitatively easing program a boost of at least GBP 100 billion (\$125.515 billion) amid an economy hard hit by COVID-19 and tough negotiations for a free trade agreement European Union.

The euro took a dive on Wednesday to \$1.1210 as an increase in US coronavirus cases and Fed Chair Powell's caution, potentially weighed on the pair. Hospitalizations and infections are rising at an accelerating pace in the US.

The Japanese yen drops to 106.80 in its Tokyo open on Thursday. Japanese Economy Minister said, they will stick to their idea of not relaxing restrictions on travel across prefectures.

Elsewhere, global oil prices plummeted on Thursday to \$37.16 per barrel as a spike in new coronavirus cases in China and the United States renewed fears that people would stay home, stalling a recovery in fuel demand even as lockdowns ease.

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		
	Bid	Offer
EUR/USD	1.1200	1.1340
GBP/USD	1.2510	1.2650
USD/AED	3.6675	3.6775
USD/JPY	106.70	108.80

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