



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

## TREASURY MARKET UPDATE 19<sup>TH</sup> AUGUST 2020

### DOMESTIC NEWS

The Kenya shilling inched lower against the dollar on Tuesday in another low-key trading session where increased dollar demand dominated the session. The home unit was down, with the USDKES currency pair closing the day at the upper range of the recently established ranges, on the back of increased activity on the foreign currency demand counter. In the day ahead, if the dollar demand continues to persist, the shilling is likely to weaken and test the upper range of its recent ranges again. By close of trade, the local unit stood at 108.50/108.70 as compared to Monday's close of 108.40/108.60.

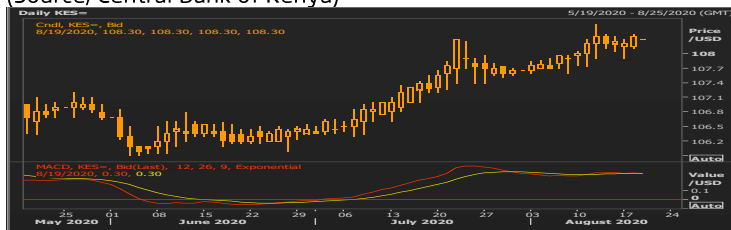
In other news, Canadian-based Africa Oil Corporation (AOC) is short of funds to complete ground activities at its South Lokichar Basin, Turkana County, further complicating Kenya's chance to have oil money. This is after the firm suffered impairment costs of \$215.6 million (Sh23.3 billion) in the first three months of the year. In a half-year financial report, AOC said it would, however, continue to assess the sufficiency of its capital resources until a field development and financial plan is approved. In a statement, the oil firm said it is currently focused only on office-based planning actions with the impact of COVID-19 forcing the joint venture to call Force Majeure on its licenses, which will delay final investment decision (FID) and impact the ongoing farm-down process.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.00	112.00	106.00	111.00
GBP/KES	139.60	147.60	140.10	147.10
EUR/KES	125.95	132.95	126.50	132.50
AED/KES	28.04	31.04	28.04	31.04

Money Market Rates	Current	Previous	Change
Interbank Rate	2.543%	2.317%	0.226
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 was in a mixed up state on Tuesday at 92.317 with the safe-haven asset slowly recovering heavy losses from the previous session over the uncertainty surrounding the latest stimulus measures and, in turn, U.S. economic recovery from COVID-19. The ongoing impact from the U.S. Federal Reserve's stimulus programs saw U.S. stock indexes soar to record highs and continues to put pressure on the dollar. Meanwhile, with U.S.-China tensions continuing to escalate, China reacted to the U.S. further restricting Huawei Technologies' access to commercially available chips by denouncing the move as "nothing short of bullying" on Tuesday.

The GBP/USD pair continued to push higher to \$1.3195 on Tuesday. Investors are now looking to the release of the minutes from the Fed's FOMC meeting, due later in the day.

The euro changed hands at \$1.1920 on Tuesday having strengthened to its highest level since May 2018 in the previous session. On Wednesday, the Eurostat will release the inflation report for the euro area.

The Japanese yen edged up 105.55 as markets opened in Tokyo on Wednesday. Japan said that exports fell 19.2% in July year-on-year, beating forecasts for a 21% drop as well as the 26.2% drop seen in June.

Elsewhere, global oil prices slid on Wednesday to \$45.08 per barrel as concerns grew that U.S. fuel demand may not recover quickly amid stalled talks on a post-coronavirus economic stimulus package, overshadowing a bigger-than-expected drawdown in U.S. crude stocks.

### Indicative Profit Rates on Deposits

	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

	Indicative Cross Rates	
	Bid	Offer
EUR/USD	1.1840	1.1990
GBP/USD	1.3130	1.3350
USD/AED	3.6675	3.6775
USD/JPY	104.60	107.80

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