



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH JUNE 2020

DOMESTIC NEWS

The shilling held its ground against the U.S. dollar on Thursday, in what was a lackluster trading session and marginal moves occasioned by a few trades. Dwindled corporate dollar demand was well matched by foreign currency inflows from various sectors of the economy leaving the USD/KES currency pair unchanged from its previous close. The local unit seems rather comfortable in the current ranges and is expected to hold within the same band through the today in the absence of any new market moving information. By close of trade, the local unit stood at 106.20/40 the same as Wednesday's close.

In other news, Kenya has delayed talks on a trade deal with the United States until a pan-African trade bloc comes into force, President Uhuru Kenyatta said on Thursday, as what is holding up what would be Washington's first such pact in sub-Saharan Africa. U.S. President Donald Trump and Kenyatta agreed in February to start formal talks on a bilateral trade pact that might help offset concerns about China's expanding investment imprint on the continent. Kenya wants to do a deal with Washington before the expiry of the Africa Growth and Opportunity Act, which allows sub-Saharan African states to export thousands of products to the United States without tariffs or quotas until 2025. U.S. Trade Representative said on Wednesday he hoped to reach a strong free trade agreement with Kenya that could eventually be replicated with other African countries.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	102.90	109.90	103.90	108.90
GBP/KES	128.25	136.25	128.75	137.75
EUR/KES	115.85	122.85	116.40	122.40
AED/KES	27.47	30.47	27.47	30.47

Money Market Rates	Current	Previous	Change
Interbank Rate	3.477%	2.996%	0.481
91-Day T-bill	7.089%	7.259%	-0.170
182-Day T-Bill	7.739%	8.058%	-0.319
364-Day T-Bill	8.667%	9.030%	-0.363
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 flopped on Thursday to 97.373 as investors continue to monitor the rising number of COVID-19 cases in Beijing and the U.S., with the number of cases stemming from an outbreak at Xinfadi market almost at 200. Simmering U.S.-China tensions will be another focal point in the aftermath of U.S. President Donald Trump warning on Thursday that cutting ties with China is on the cards. The meeting, between top diplomats in Hawaii, was inconclusive though a senior U.S. participant said China had committed to sticking with the trade deal the two parties agreed in January.

The GBP/USD pair gained to \$1.2428 on Thursday, with the sterling boosted by the Bank of England's quantitative easing program announced. The BOE also said the bond buying program will finish around the turn of the year, suggesting a slower pace of gilt purchases. But investors were concerned that the program could be insufficient to support confidence into 2021.

The euro plunged on Thursday to \$1.1212 on the back of a growing number of infections in the US and news about Beijing's travel restrictions, combined with geopolitical tensions between China and India have crushed market sentiment.

The Japanese yen tumbled to 106.91 as Tokyo opens for Friday's trading. The yen pair recently reacted to Japan's downbeat inflation data and BOJ minutes while differing from the previous day's recovery moves.

Elsewhere, global oil prices pushed higher on Friday to \$39.07 per barrel, after OPEC producers and allies promised to meet their supply cut commitments.

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	1.1150	1.1270
GBP/USD	1.2420	1.2580
USD/AED	3.6675	3.6775
USD/JPY	105.40	107.05

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.