



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH NOVEMBER 2020

DOMESTIC NEWS

Imbalance in foreign currency flows in the local FX market remained the dominant theme on Wednesday, as the local unit continued to weaken against the dollar. Demand for the greenback reared its head again amid limited inflows from diaspora remittances, offshore investors and exports and thin liquidity in the interbank market. In today's session, we expect the currency pair to trade around current levels albeit with a bearish bias for the home unit. Market chatter points to further losses for the shilling owing to limited inflows. By close of day, the local unit stood at 109.20/109.40 as compared to Tuesday's close of 109.15/109.35.

In other news, Kenya has changed its mind about a G20 coronavirus debt relief initiative it declined to join earlier this year and is now planning to defer around \$690 million in debt payments, its finance minister said on Wednesday. Kenya had said in May that it would not seek suspension of debt payments under the G20's Debt Service Suspension Initiative, aimed at helping poor countries weather the Covid-19 pandemic, as it found the terms too restrictive. However, the Finance minister said a decision to join the initiative had been made in principle, and a final decision would be made as early as next week. Kenya would retain about 75 billion shillings (\$686 million) in deferred debt repayments over the term of the relief deal. Joining the arrangement was also important for Kenya, he said, as it will help open doors for further funding from the International Monetary Fund and World Bank.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.85	112.85	106.85	111.85
GBP/KES	140.70	148.70	141.20	148.20
EUR/KES	126.05	133.05	126.55	132.55
AED/KES	28.27	31.27	28.27	31.27

Money Market Rates	Current	Previous	Change
Interbank Rate	3.004%	2.952%	0.052
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 slid on Wednesday to 92.129, as investors' longer-term optimism about COVID-19 vaccines ran in to worries about rising infections and risks to the fragile global economic recovery. Surging coronavirus cases in the United States have exerted opposing forces on the dollar, with a safety bid supporting the currency while fresh speculation of monetary easing to boost the economy has undermined it. Investors will look to U.S. jobless claims data, due later in the day, which is expected to dictate the Fed's next steps.

The GBP/USD pair changed hands at \$1.3229 on Wednesday. The pound had been boosted by hopes of the U.K. and the European Union reaching a post-Brexit trade deal ahead of the end-of-year deadline.

The euro has had pandemic problems of its own as lockdowns spread across the continent. It softened marginally to \$1.1846 on Wednesday. European Central Bank President Christine Lagarde will attend a European Parliament Committee hearing in Frankfurt later in the day.

The Japanese yen ran to test the 104 figure ahead of the Tokyo open on Thursday as risk-off elements persist in the coronavirus story while global cases continue to rise, especially in the US.

Elsewhere, global oil prices dipped on Thursday to \$44.09 per barrel, as COVID-19 numbers across the globe continued upwards and added to fuel demand worries. The global coronavirus pandemic is steadily worsening, with the virus now firmly entrenched across Europe and the U.S. causing economically disruptive lockdowns.

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	1.1720	1.1950
GBP/USD	1.3160	1.3395
USD/AED	3.6675	3.6775
USD/JPY	102.50	105.80

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