



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 1ST SEPTEMBER 2020

DOMESTIC NEWS

The shilling continued to hold its ground on the first trading day of the week as it barely stirred against the U.S. dollar. In a rather quiet session, the shilling held steady versus the greenback as flows on both the demand and supply counters matched. We expect the USD/KES pair to remain range bound in today's session, in the absence of momentous market moving news. By close of day, the local unit at 108.15/108.35 as compared to Friday's close of 108.20/108.40.

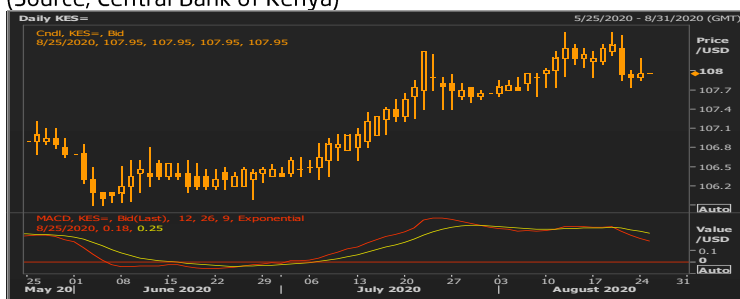
In other news, the annual inflation rate in Kenya stood at a ten-month low of 4.36 percent in August of 2020, unchanged from July. Prices remained little-changed for clothing & footwear, furnishings, recreation & culture, and miscellaneous goods & services. Also, inflation slowed for food & non-alcoholic beverages. In contrast, prices advanced faster for transport and housing & utilities, amid recent hikes in costs of petrol, diesel and kerosene. On a monthly basis, consumer prices were up 0.2 percent, after increasing 0.08 percent in the prior month. In the meantime, the monetary authority mopped up KES 25 Billion in excess liquidity at a weighted average rate of 3.743% in the 7-day term auction deposit.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.65	111.65	105.65	110.65
GBP/KES	137.75	145.75	138.30	145.30
EUR/KES	124.25	131.25	124.75	130.75
AED/KES	27.94	30.94	27.94	30.94

Money Market Rates	Current	Previous	Change
Interbank Rate	3.241%	3.048%	0.192
91-Day T-bill	6.273%	6.257%	0.016
182-Day T-Bill	6.625%	6.600%	0.025
364-Day T-Bill	7.507%	7.508%	-0.001
Inflation	4.360%	4.360%	0.000
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was down on Monday to 91.398, with the U.S. Federal Reserve's new policy framework announced on August 28 fueling bets that rates in the U.S. will continue to remain low compared to those in other countries, and driving the greenback down to lows not seen in several years. Meanwhile, tensions between the U.S. and Taiwan simmered after the U.S. said that it would establish a new bilateral economic dialogue with Taiwan.

The GBP/USD pair clocked in fresh 2020 highs above \$1.3400 on Monday on the back of news indicating that the UK Chancellor Rishi Sunak can levy 5% fuel duty during his budget guidelines in November. On the other hand, France accuses the UK of stalling the Brexit talks after British PM Boris Johnson blamed Brussels to push towards a no-deal departure.

The euro strengthened to \$1.1975 on Monday, with Germany avoiding a sub-zero inflation print in August despite the negative base effect from low energy prices and VAT cut.

The Japanese yen edges down to 105.70 on Tuesday. The yen was trading within a narrow range as the jockeying in Japan's prime minister contest continues after incumbent Shinzo Abe tendered a surprise resignation last week. The ruling Liberal Democratic Party's largest faction is supporting Yoshihide Suga, the current chief cabinet secretary.

Elsewhere, global oil prices recovered on Tuesday to \$45.77 per barrel, erasing overnight losses, as investors moved into risk assets and away from the safe-haven U.S. dollar which tumbled to multi-year lows.

Indicative Profit Rates on Deposits

	Amounts > 10 Million	
	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	1.1850	1.1270
GBP/USD	1.3380	1.3510
USD/AED	3.6675	3.6775
USD/JPY	105.20	107.60

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