



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH JULY 2020

DOMESTIC NEWS

The Kenyan shilling firmed on Friday finding support from inflows from horticulture exports and subdued dollar demand from merchandise importers. In what was a quiet session in the local currency markets, with thin volumes from the supply and demand counters. We see the local currency remain within a range in the near term, as foreign currency buyers and sellers continue to battle for dominance in the local FX market. That said, the spot price will remain flow driven. By close of trade, the local unit stood at 107.30/50 as compared to Thursday's close of 107.45/65.

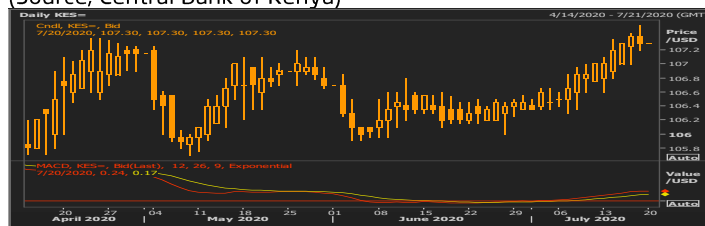
In other news, The International Monetary Fund (IMF) has called for further action to secure a resilient recovery, as economies across the globe continue to suffer the effects of Covid-19. While there remains great uncertainty on the outlook, the unprecedented actions taken by the G20 countries and others have helped to avert a much worse outcome, Georgieva noted. Kenya is among countries that have sought debt deferment as the economy takes a beating from the effects of the virus. In May, the IMF raised Kenya's risk of debt distress to high from moderate due to the impact of the coronavirus crisis. In the meantime, the monetary authority was in the money market in a bid to mop KES 55 billion in the 7-day term auction deposit at a weighted average rate of 3.508%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.15	111.15	105.15	110.15
GBP/KES	130.90	138.90	131.50	138.50
EUR/KES	119.70	126.70	120.20	126.20
AED/KES	27.81	30.81	27.81	30.81

Money Market Rates	Current	Previous	Change
Interbank Rate	1.865%	1.758%	-0.107
91-Day T-bill	6.011%	6.274%	-0.263
182-Day T-Bill	6.524%	6.759%	-0.235
364-Day T-Bill	7.464%	7.700%	-0.236
Inflation	4.590%	5.330%	-0.740
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index dollar advanced on Friday to 96.00, with investors awaiting the results of a U.S. Congress debate over fresh COVID-19 stimulus measures. Debates over the bill started last week, with some current measures due to expire at the end of July. But Republicans and Democrats are already in disagreement, with Republicans wanting the bill to cost no more than \$1 trillion while the Democrats want measures totaling around \$3 trillion.

The GBP/USD pair dropped to \$1.2520 on Friday over pessimism surrounding Brexit and tussle with China, not to forget increasing odds of the Bank Of England's negative rates. Looking forward, speeches from the BOE's Haldane could offer near-term direction.

The euro changed hands against the dollar on Friday at \$1.1452, with investors holding out hope that European leaders will break a deadlock and hammer out an economic rescue deal in their marathon summit talks. EU leaders are at an impasse over a proposed 750 billion-euro (\$858.30 billion) recovery fund, which is supposed to be raised on behalf of them all on capital markets by the EU's executive European Commission.

The Japanese yen rises to 107.08 as markets in Tokyo open for trading on Monday. The Bank of Japan policymakers cited coronavirus as the key risk while keeping a bit positive economic outlook.

Elsewhere, global oil prices fell on Monday to \$42.89 per barrel unnerved by the prospect that a recovery in fuel demand could be derailed by a rise in the pace of coronavirus infections around the world.

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	6.55%	1.75%		
6 Months	6.75%	2.00%		
1 year	7.00%	2.05%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1360	1.1510
GBP/USD	1.2505	1.2670
USD/AED	3.6675	3.6775
USD/JPY	106.70	108.95

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.