



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH NOVEMBER 2020

DOMESTIC NEWS

Thursday's session in the local FX market saw the local currency continue trailing on the back foot, as dollar demand outweighed supply, and as a consequence the home unit closed the day marginally lower. Persistent dollar demand from key sectors of the economy in the last few weeks have outweighed the scarce supply, which continue to weigh on the shilling. Interbank trading activity remained muted as traders matched their flows with the available liquidity. We expect the USD/KES currency pair to continue with its range bound theme, albeit with a slightly bullish tinge in favor of the U.S dollar in the near term. By close of day, the local unit stood at 109.25/109.45 as compared to Wednesday's close of 109.20/109.40.

In other news, The Kenya Shilling has continued on its downward spiral against the US dollar to hit an all-time low of KSh 109.45. The depreciation puts pressure on importers who will have to use more Shillings to bring in commodities such as fuel, gas, and other items. Attention shifts to the next Monetary Policy Committee (MPC) meeting, to be held on Thursday, November 26th, 2020, with traders, importers and currency dealers keen watching the ammunition Central Bank of Kenya (CBK) will deploy to shield the Shilling. The November meeting will be two months after the last MPC gathering held on 29th September 2020, at which the CBK retained the Central Bank Rate (CBR) at 7%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.90	112.90	106.90	111.90
GBP/KES	141.20	149.20	141.75	148.75
EUR/KES	126.50	133.50	127.05	133.05
AED/KES	28.28	31.28	28.28	31.28

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 plummeted on Thursday to 92.295, as investors digested U.S. Treasury Secretary Steven Mnuchin request for the Federal Reserve to return funds earmarked for COVID-19 lending to businesses, nonprofits, and local governments. Mnuchin's move seeks to re-appropriate some \$455 billion allocated to Treasury under the CARES Act earlier in the year, and sparked concern from some stakeholders that programs that are viewed to have played a vital role in cushioning the COVID-19 blow will be suspended. Meanwhile, the U.S. Senate Republicans reportedly agreed to resume negotiations with the Democrats on the latest COVID-19 stimulus package.

The GBP/USD pair inched down to \$1.3259 on Thursday after reports that European leaders will urge the European Commission to publish no-deal Brexit plans as the deadline to reach a deal, set for the end of the year, rapidly approaches.

The euro recovered sharply back into positive territory at \$1.1887 on Thursday over news that US fiscal stimulus talks are back on track.

The Japanese yen is trading at 103.83 and firming in the Tokyo open on Friday, as the Yen appears to have salvaged strong correlation with U.S. bond yields over the past two weeks.

Elsewhere, global oil prices were up on Friday to \$44.30 per barrel despite conflicting U.S. stimulus reports, an apparent schism in OPEC, and the ever-rising COVID-19 numbers. The continuing rampage of COVID-19 across the globe continues to form the main driver of oil prices, as the coronavirus pandemic escalates, with Western economies particularly hard hit.

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	1.1740	1.1950
GBP/USD	1.3170	1.3395
USD/AED	3.6675	3.6775
USD/JPY	102.60	105.80

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