



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST JULY 2020

DOMESTIC NEWS

The Kenya shilling succumbed to further pressure, and closed the day a touch lower against the dollar on the backdrop of swelling appetite for the greenback. Foreign currency inflows from various sectors of the economy could not hold the gush of increasing foreign currency appetite, dragging the USDKES pair upwards. Market chatter still points to a slightly bearish bias in the value of the home unit versus the dollar in the near term. By close of trade, the local unit stood at 107.65/85 as compared to Thursday's close of 107.40/60.

In other news, Kenya borrowed at least Sh213 billion between April and May, pushing up the country's total public debt to Sh6.65 trillion, latest Central Bank data shows. The country's debt has grown by almost a trillion in the past year, from Sh5.7 trillion in March 2019. External loans dominate the debt profile, rising by Sh180 billion within the month under review to hit Sh3.49 trillion from Sh3.31 trillion in April. A huge chunk of the external loans received was meant to cushion the country from adverse effects of coronavirus on the economy. In mid-May, the country received Sh106 billion from the World Bank, a week after the International Monetary Fund (IMF) disbursed the Sh79 billion facility to help Kenya fight the effects of Covid-19. This means the country has less than Sh2.5 trillion to borrow in the next 36 months to potentially exhaust limit.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.10	110.10	104.10	109.10
GBP/KES	129.20	137.20	129.70	136.70
EUR/KES	116.85	123.85	117.35	123.35
AED/KES	27.52	30.52	27.52	30.52

Money Market Rates	Current	Previous	Change
Interbank Rate	2.328%	1.865%	- 0.463
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)

INTERNATIONAL NEWS

The U.S. dollar index was down on Monday to 95.623, with investors retreating from the safe-haven asset over fresh hopes of a COVID-19 vaccine. On the vaccine front, drugs developed by Britain's AstraZeneca with Oxford University and by CanSino Biologics with China's military research unit showed they were safe and produced an immune response in early trials. In the meantime, advisers to President Donald Trump and congressional Democrats were set to discuss the next steps in responding to the coronavirus crisis on Tuesday.

The GBP/USD pair gained to 1.2677. The sterling earned itself a podium finish over the progress made at the EU Summit, with investor sentiment further boosted over fresh Brexit negotiations between the EU and the U.K. slated to begin on Tuesday.

The euro jumped on Monday to \$1.1435 on reports that the European Union has reached a highly-anticipated deal on the EUR 750 billion coronavirus recovery fund. With the EU reaching the highly-anticipated fiscal deal markets will be more inclined to see the roll out of the deal.

The Japanese yen took rounds to 107.20 early Tuesday as Sino-US tensions quietly continue between the United States and China over the South China Sea which erupted into a war of words on social media

Elsewhere, global oil prices were stable at \$43.43 per barrel on Tuesday, trapped in the narrow trading band of the past three weeks as investors gauged hopes for a recovery in oil demand against fears of new lockdowns due to a growing number of coronavirus cases.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
2 Weeks	6.00%		1.25%	
1 Month	6.50%		1.50%	
3 Months	6.75%		1.75%	
6 Months	7.00%		2.00%	
1 year	7.25%		2.05%	

Indicative Cross Rates

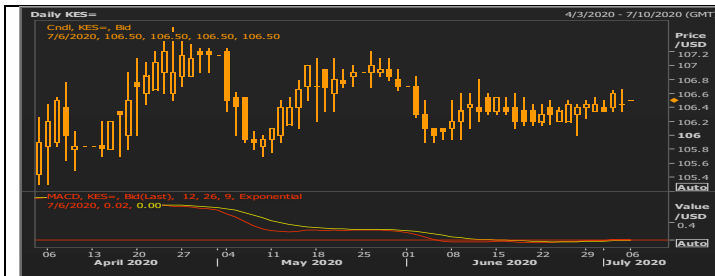
	Bid		Offer	
	EUR/USD	1.1390		1.1520
GBP/USD	1.2470		1.2670	
USD/AED	3.6675		3.6775	
USD/JPY	106.50		108.80	

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(Source; Reuters)

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