



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH AUGUST 2020

DOMESTIC NEWS

The Kenya shilling closed the day stronger against the U.S. dollar at the end of Thursday's trading owing to improved foreign currency inflows. The local currency's upbeat momentum remained sound for most of the session underpinned by intensifying foreign currency inflows favoring the local unit, while dollar buyers' interests remained limited. In today's session, we expect the USDKES pair to trade within its current farrow in the absence of fresh market moving factors. By close of trade, the local unit stood proud and tall at 108.10/108.30 as compared to Wednesday's close of 108.65/108.85.

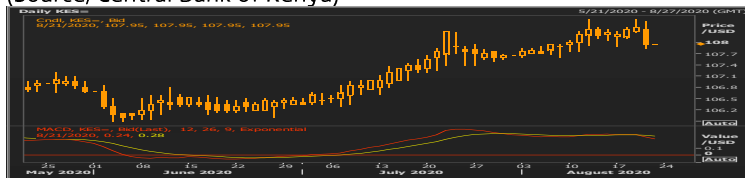
In other news, The National Treasury has called for the consolidation of funds and assets of three state infrastructure agencies recently collapsed into a single network via the Executive Order No. 5. The presidential directive early this month collapsed rail, pipeline, and port operations under yet to be formed the Kenya Transport and Logistics Network (KTLN), which will be overseen, by the Industrial and Commercial Development Corporation (ICDC). Speaking at the introductory meeting of the newly appointed ICDC board at Harambee House yesterday, Treasury cabinet secretary Ukur Yatani said the budget for three state agencies would be combined to improve efficiency. In the meantime, the monetary authority mopped up KES 20 Billion in excess liquidity at a weighted average rate of 3.317% in the 4-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.70	111.70	105.70	110.70
GBP/KES	139.30	147.30	139.80	146.80
EUR/KES	125.05	132.05	125.55	131.55
AED/KES	27.96	30.96	27.96	30.96

Money Market Rates	Current	Previous	Change
Interbank Rate	2.815%	2.543%	0.272
91-Day T-bill	6.257%	6.200%	0.057
182-Day T-Bill	6.600%	6.561%	0.039
364-Day T-Bill	7.508%	7.517%	-0.009
Inflation	4.360%	4.590%	-0.230
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 Thursday to 92.692, as an unexpected rise in the number of Americans claiming unemployment benefits and a slight decline in Treasury yields dampened investor sentiment. Data released showed that 1.106 million Americans claimed unemployment benefits during the previous week, surpassing the forecasted 925,000 claims. Comparatively, across the pond, the U.S. Congress has yet to reach a consensus on the latest stimulus measures up for debate.

The GBP/USD pair got back on the bid on Thursday settling at \$1.3190 having dipped in the previous session on the back of dollar weakness. Meanwhile, UK July inflation surprised significantly to the upside, with headline inflation jumping to 1.0%. Core Inflation rose by its strongest since July 2019 to 1.8%.

The euro was looking strong on Thursday at \$1.1877 because Europe had already put a firm backstop in place to support economic growth, which has boosted confidence in the euro and euro zone bonds. Traders in the euro are looking ahead to the release later Friday of manufacturing data for the euro zone and for Germany, Europe's largest economy.

The Japanese yen dropped to 105.65, amid the initial hour of Tokyo open on Friday. The yen remains on the back foot owing to economics from Japan and news of easing lockdown restrictions

Elsewhere, global oil prices rose in early trade on Friday to \$44.07 per barrel, on track for a third straight week of gains, buoyed by major oil producers' efforts to hold back output amid concerns about the economic recovery from the coronavirus pandemic.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
	2 Weeks	1 Month	2 Weeks	1 Month
	6.00%	6.25%	1.25%	1.50%
	6.50%	6.75%	1.75%	2.00%
	7.00%		2.05%	

Indicative Cross Rates

	Bid		Offer	
	EUR/USD	GBP/USD	USD/AED	USD/JPY
	1.1780	1.3105	3.6675	104.10
			3.6775	106.30

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