



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 21ST OCTOBER 2020

### DOMESTIC NEWS

Monday's trading in the local FX market saw the home unit continue its retreat against the U.S dollar to close the day weaker. Surging demand for the buck by corporates steadily overcame the supply-side and left the domestic currency struggling to hold its previous day's close. In the new day, we expect the USDKES currency pair to stay marooned within the contemporary boundary in the absence of any market moving headlines. By close of day, the local unit stood at 108.60/108.80 as compared to Friday's close of 108.50/70.

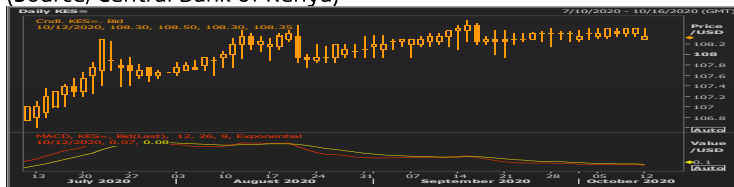
In other news, data released by the Kenya National Bureau of Statistics (KNBS) show that output declined by 5.7 percent in 2020 Q2 relative to the same quarter in 2019, reflecting the impact of COVID-19 pandemic. Sectors with the largest declines were accommodation and restaurants, education, transport and storage, manufacturing and wholesale and retail trade. However, agriculture reported strong growth of 6.40% while mining and quarrying, information and communication, and construction maintained a strong performance. In the meantime, the re-opened 20-year and 25-year Treasury bonds received bids totaling KSh 69.10 billion against an advertised amount of KSh 50.0 billion, representing a performance of 138.30%. Interest rate on the 25-year Treasury bond was lower compared to the March 2020 issuance of similar tenure. However, the rate on the 20-year bond remained at nearly the same level as the September 2020 bond of similar tenure.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.25	112.25	106.25	111.25
GBP/KES	137.15	145.15	137.65	144.65
EUR/KES	125.30	132.30	125.80	131.80
AED/KES	28.11	31.11	28.11	31.11

Money Market Rates	Current	Previous	Change
Interbank Rate	2.488%	2.437%	0.051
91-Day T-bill	6.520%	6.468%	0.052
182-Day T-Bill	6.909%	6.853%	0.056
364-Day T-Bill	7.800%	7.762%	0.038
Inflation	4.200%	4.360%	-0.160
CBR RATE	7.000%	7.000%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index hit a one-month low of 92.963 on Tuesday over continued optimism over the U.S. Congress passing the latest stimulus measures before the Nov. 3 presidential election, boosting risk sentiment. President Donald Trump raised hopes for a stimulus breakthrough, saying he was willing to accept a large aid bill, despite opposition from his own Republican Party. Stimulus measures are seen as a short-term weight on the greenback, as spending supports the economy and increases investors' risk appetite.

The GBP/USD pair edged up to 1.2960 on Tuesday. Market players continued to keep an eye on the progress of Brexit talks between the U.K. and the European Union. The European Commission released a Statement showing their willingness to intensify trade talks with the UK. However, UK Prime Minister, Boris Johnson affirmed that there is no point on resuming the talks unless Brussels adopts a "fundamental change of approach".

The euro gained altitude on Tuesday to \$1.1844, with the US dollar struggled to draw bids despite the uptick in the treasury yields and dovish European Central Bank (ECB) expectations. Put simply, the ECB is under pressure to do more.

The Japanese yen pair inched down to 105.40 as markets opened on Wednesday in Tokyo, with investors retreating from the safe-haven yen.

Elsewhere, global oil prices eased on Wednesday to \$42.93 per barrel after a surprise build-up in U.S. crude stockpiles stoked concerns about a global supply glut even as a spike in global COVID-19 cases fueled fears of slower recovery in fuel demand.

### 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	1.1710	1.1960
GBP/USD	1.2820	1.3180
USD/AED	3.6675	3.6775
USD/JPY	104.10	107.60

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