



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND OCTOBER 2020

DOMESTIC NEWS

The shilling debilitated slightly against the greenback yesterday, closing the day lower. The home unit's slow march south was a consequence of the amplified dollar appetite from both corporate and interbank players, who contended for the erratic foreign currency inflows from the agricultural sector, diaspora remittances and tourism. We expect that the USD/KES currency pair will remain within the current stranglehold, albeit with a bearish predisposition, as market continues to be flow driven. By close of day, the local unit stood at 108.65/108.85 as compared to Monday's close of 108.60/80.

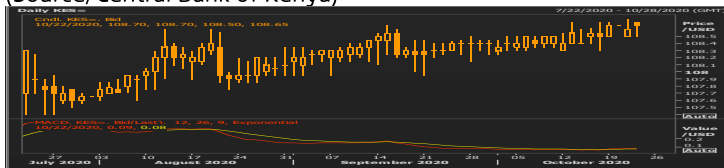
In other news, Kenya's National Treasury and Planning Ministry is inviting institutions, private sectors, non-governmental organizations, and the general public to submit their taxation proposals. These suggestions, to be contained in the Finance Bill, forms the basis upon which the 2021/2022 National Budget, will be prepared. These tax proposals are to be submitted in writing to the ministry not later than 15th November 2020. This is taking into account the timelines and need to facilitate timely consultations with stakeholders. The National Treasury says that the proposals aim to support economic recovery from adverse effects of the Covid-19 pandemic, strengthen revenue collection, and promote macroeconomic stability. In the meantime, the monetary authority was in the market for KES10 Billion at a weighted average rate of 3.165% in the 7-day and 5.822% in the 14-day term reverse repos.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.30	112.30	106.30	111.30
GBP/KES	138.90	146.90	139.40	146.40
EUR/KES	125.40	132.40	125.90	131.90
AED/KES	28.12	31.12	28.12	31.12

Money Market Rates	Current	Previous	Change
Interbank Rate	2.477%	2.488%	-0.011
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 was up on Wednesday to 92.763, reversing losses from the previous session as the focus remains squarely on the U.S. Congress' progress towards passing the latest stimulus measures. Both President Donald Trump and House of Representatives Speaker Nancy Pelosi had made remarks that raised hopes of the measures' passage before the Nov. 3 presidential election, whetting investor appetite for riskier assets and a retreat from the greenback. But prospects remain dim for the Republican-controlled Senate to approve any aid before the Nov. 3 election.

The GBP/USD pair edged down to \$1.3127 on Wednesday over fears that the rivalry between the European Union and the UK will not end with the latest readiness to resume Brexit talks. Meanwhile, the BOE's Deputy Governor cited fears of a further hike in the unemployment rate while also suggesting that wage growth could also falter as the pandemic continues.

The euro plummeted on Wednesday to \$1.1805. Traders await the final presidential debate between President Trump and Democratic Joe Biden, with the key feature this time around being a mute button to allow each candidate to speak uninterrupted.

The Japanese yen is currently trading at 104.70, as markets in Tokyo open for Thursday's trading. Japan's Industry Activity Index for August can offer immediate directions to the pair.

Elsewhere, global oil prices dropped on Thursday to \$41.51 per barrel, adding to heavy losses overnight, after a build in U.S. gasoline inventories pointed to a deteriorating outlook for fuel demand as coronavirus cases soar in North America and Europe.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	USD	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	1.1720	1.1950
GBP/USD	1.2910	1.3270
USD/AED	3.6675	3.6775
USD/JPY	104.05	107.60

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1354/55, Cell +254 709913354/55. 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.