



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND SEPTEMBER 2020

DOMESTIC NEWS

Imbalance in foreign currency flows in the local FX market remained the dominant theme on Tuesday, as the local unit continued to weaken against the dollar. Demand for the greenback reared its head again amid limited inflows from diaspora remittances, offshore investors and exports and thin liquidity in the interbank market. In today's session, we expect the currency pair to trade around current levels albeit with a bearish bias for the home unit. By close of day, the local unit at 108.45/108.65 as compared to Friday's close of 108.35/108.55.

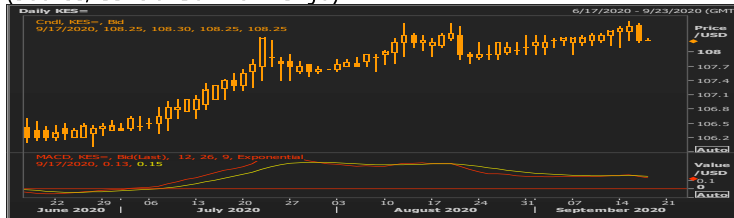
In other news, digitisation of financial services will be key in post-Covid-19 recovery of global economies, said Central Bank governor Patrick Njoroge. He said focus should be given to Small and Medium-Sized Enterprises (SMEs), noting the segment is facing a significant financing gap. He said SMEs are at the heart of the global economy, providing jobs and supporting livelihoods for the majority of the population, adding that thriving SMEs underpin the achievement of the Sustainable Development Goals agenda. Njoroge had in May cautioned that at least 75 per cent of SMEs in Kenya faced closure by end of June due to lack of funds, calling for an urgent move to cushion them as they contribute hugely to the country's employment and GDP. In the meantime, the monetary authority was in the market for KES 15 Billion at a weighted average rate of 7.678% in the 7-day term reverse repos.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.00	112.00	106.00	111.00
GBP/KES	134.95	142.95	135.50	142.50
EUR/KES	124.10	131.10	124.60	130.60
AED/KES	28.04	31.04	28.04	31.04

Money Market Rates	Current	Previous	Change
Interbank Rate	2.983%	2.806%	-0.177
91-Day T-bill	6.273%	6.267%	0.006
182-Day T-Bill	6.720%	6.689%	0.031
364-Day T-Bill	7.571%	7.564%	0.007
Inflation	4.360%	4.360%	0.000
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 Monday to 93.602 clinging on to gains from the previous session as COVID-19 fears and worries over the U.S. Congress' stimulus impasse drove a heavy selloff in almost all other assets. Meanwhile, U.S. President Donald Trump said during a political rally on Monday that his questions about adjusting the dollar's exchange rate to counter what he referred to as Chinese currency manipulation, were rebuffed.

The GBP/USD pair inched down to \$1.2809 on Monday, with U.K. Prime Minister Boris Johnson due to announce new restrictions on bars and restaurants later in the day, aiming to curb the growing number of COVID-19 cases in the country. The U.K.'s Chief Scientific Adviser Patrick Vallance warned that without urgent action, the current infection rate could lead up to 50,000 new cases a day by mid-October. Johnson will also encourage a return to working from home on Tuesday.

The euro fell to \$1.1759 on Monday, as European health ministers raised alarm bells on the impact of a second wave. Apart from this, the shared currency was further weighed down by not so optimistic comments by the ECB President Christine Lagarde, saying that the economic recovery remains very uncertain, uneven and incomplete.

The Japanese yen declined to 104.53 during early Tuesday. Given that it is a holiday in Japan, due to the Autumnal Equinox Day.

Elsewhere, global oil prices rose on Tuesday to \$41.58 per barrel, as the latest tropical storm in the Gulf of Mexico lost strength but worries about fuel demand persisted.

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	1.1605	1.1820
GBP/USD	1.2740	1.3060
USD/AED	3.6675	3.6775
USD/JPY	104.10	106.50

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