



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD JULY 2020

DOMESTIC NEWS

The home currency continued to be weighed down on Wednesday, due to increased dollar demand. Appetite for foreign currency took a front seat very early in the session, and with minimal foreign currency inflows from various sectors of the economy offering support. Volatility in the local FX market remains elevated though the direction of the USD/KES pair remains at the mercy of the larger market sentiment. By close of trade, the local unit stood at 108.10/30 as compared to Tuesday's close of 107.90/10.

In other news, The Tourism ministry is unlikely to raise its Sh7.2 billion share of the 2020/2021 budget appropriation- in-aid (A-I-A), the principal secretary told a parliamentary committee on Wednesday. This is the income that a government ministry or department is expected to raise through various services. It is allowed to retain and use the funds without surrendering it to the consolidated fund. The principal secretary said a huge chunk of the ministry's budget is dependent on internally generated funds, and with the sector still reeling from effects of Covid-19, it might not meet its target. She said the deficit could largely affect the ministry's Sh8.49 recurrent expenditure budget for the current financial year. The National Treasury has allocated Sh12.8 billion for the tourism sector. Out of this, Sh4.3 billion is for development with Sh8.49 for recurrent expenditure. Appropriation-in-Aid (A-I-A) under recurrent spending targets is set at Sh7.2 billion.

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 crept off milestone lows against other majors on Wednesday to 94.80 as heightened Sino-U.S. tension put a bit of caution into currency markets. The United States gave China until Friday to close its consulate in Houston amid accusations of spying, and President Donald Trump said it was "always possible" other Chinese missions could be ordered to close as well. China in response ordered the US Consulate to leave from Wuhan. U.S.-China ties have worsened sharply this year over issues ranging from the coronavirus and telecoms-gear maker Huawei, to China's territorial claims in the South China Sea and clampdown on Hong Kong.

The GBP/USD pair settled at \$1.2723 on Wednesday. In an attempt to mark its lack of fear from the British actions, the Chinese Embassy in the UK recently said that the nation's citizenship pathway for Hong Kong residents violates international law. On a different page, Transport Secretary said that the United Kingdom wants a Brexit free trade deal with the European Union but is prepared for a no-deal.

The euro changed hands at \$1.1571 on Wednesday in the afterglow of Europe's leaders agreeing on a coronavirus rescue package.

The Japanese yen eases to 107.16 in the initial hours of the Asian trading session on Thursday amid a bank holiday in Japan. Virus news, US-China updates and fiscal budget headlines will be the key to watch.

Elsewhere, global oil prices ticked up on Thursday to \$44.35 per barrel even after a surprise jump in crude inventories in the U.S. that saw prices fall in New York on Wednesday.

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

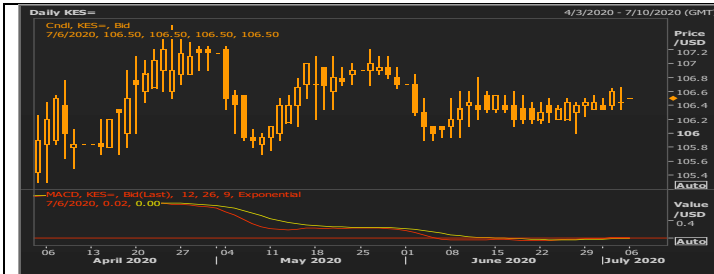
	Indicative Cross Rates	
	Bid	Offer
EUR/USD	1.1390	1.1520
GBP/USD	1.2470	1.2670
USD/AED	3.6675	3.6775
USD/JPY	106.50	108.80

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/55, Cell +254 709913351/55. 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.



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD JULY 2020



(Source; Reuters)

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/55, Cell +254 709913351/55. 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.