



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

## TREASURY MARKET UPDATE 23<sup>RD</sup>JUNE 2020

### DOMESTIC NEWS

Steady and gradual dollar demand in the local currency market, amid a decline in foreign currency inflows, depressed the shilling against the buck. Key counters were muted in early trading, with the pair holding around previous day's closing levels. A slight uptick in foreign currency appetite, later in the day however saw the local unit shed some cents off the USDKES currency pair. We see the home unit trading within these ranges, albeit with a bearish shade as foreign currency demand from the various sectors continues to manifest. By close of trade, the local unit stood at 106.30/50 as compared to Friday's close of 106.20/40.

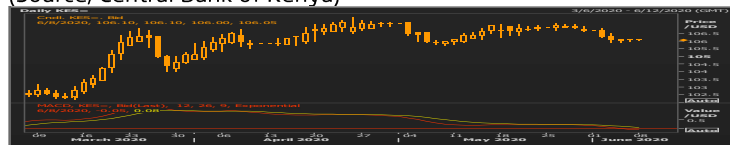
In other news, Kenya's loan exposure risk has been further revised, which could hurt plans to borrow at least Sh347 billion from the international market to plunge its budget deficit. Credit rating firm Fitch has lowered Kenya's Long-Term Foreign-Currency Issuer Default Rating (IDR) to negative from stable and affirmed the IDR at 'B+'. It has also downgraded the country's ceiling to 'B+' from 'BB-'. This is likely to affect Kenya's attractiveness in the debt market, forcing lenders to either shy away from loaning the country or lend at higher rates to cover default risk. In a detailed report, Fitch attributed the negative revision to coronavirus shock, which it said will drive a sharp economic slowdown and deterioration in the budget deficit and government debt, against a background of a weak track record of fiscal consolidation. Last month, Moody's Investors Service changed the outlook on Kenya's ratings to negative from stable.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	102.65	109.65	103.65	108.65
GBP/KES	130.85	138.85	131.40	138.40
EUR/KES	116.30	123.30	116.80	122.80
AED/KES	27.40	30.40	27.40	30.40

Money Market Rates	Current	Previous	Change
Interbank Rate	4.572%	4.346%	0.226
91-Day T-bill	7.325%	7.333%	-0.008
182-Day T-Bill	8.200%	8.248%	-0.048
364-Day T-Bill	9.165%	9.198%	-0.033
Inflation	5.470%	5.620%	-0.150
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index looked set to snap a four-session winning streak on Monday at 97.03, but analysts warn that the path lower for the greenback will run out of road as the Covid-19 pandemic's lasting impact on the global economy will renew safe-haven demand. In the meantime, White House trade advisor Peter Navarro clarified his statements concerning the U.S.-China trade deal. After Navarro said that the deal was "over" on Monday, only to issue a clarification shortly afterwards stating that his comments had "been taken wildly out of context." Trump soothed nerves when he said, "China trade deal is fully intact. Hopefully they will continue to live up to the terms of the agreement."

The GBP/USD pair fizzled the recent upside momentum while declining to \$1.2475 on Monday. Downbeat concerns relating to the UK's efforts to tie-up with Japan and the European Union during the post-Brexit period seem to weigh on the quote.

The euro jumped on Monday to \$1.1258 on good news on the EU recovery fund and although the size of the package isn't 'blockbuster', it's certainly a step in the right direction for European policy and growth.

The Japanese yen remains soft around 106.90 during the pre-Tokyo open Asian session on Tuesday. The yen pair began the week on a positive note. Though, the recent challenges to the market's optimism, mainly triggered by the US, seem to have poured cold water on the face of the buyers.

Elsewhere, global oil prices held gains at \$41.00 per barrel on Monday on optimism of easing lockdown restrictions will increase demand further, while supply cuts boost physical crude prices.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
2 Weeks	6.00%		1.25%	
1 Month	6.75%		1.75%	
3 Months	7.00%		2.00%	
6 Months	7.50%		2.25%	
1 year	8.00%		2.50%	

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1210	1.1370
GBP/USD	1.2650	1.2760
USD/AED	3.6675	3.6775
USD/JPY	108.90	110.80

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.



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