



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD SEPTEMBER 2020

DOMESTIC NEWS

The shilling fluttered between gains and losses in midweek trading, ending the day a tad weaker. The morning trading session started quietly with few dollar offers seen. However, as dollar demand remained persistent, the offers were taken up quickly and local unit ended the day on the back foot. Market chatter alludes to the local currency trading within current ranges albeit with a bearish bias. Flows will continue to dominate market trading. By close of day, the local unit at 108.40/108.60 as compared to Monday's close of 108.35/108.55.

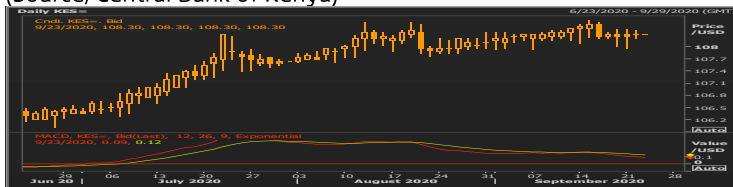
In other news, Kenya has welcomed its neighbours in negotiating for a post-Brexit trade deal with the UK for a duty and quota-free market. The government said the two countries are committed to securing a trade agreement that encompasses the East African Community, should other partner states wish to take come on board. In January, President Uhuru Kenyatta and Prime Minister Boris Johnson agreed to negotiate an economic partnership agreement, to secure the interests of the two countries in future trade and investment. This would ensure Kenya maintains duty and quota-free access to the United Kingdom. Kenya and the UK enjoy a longstanding, mutually rewarding partnership in trade, foreign direct investment, development assistance and other areas of cooperation. In the meantime, the monetary authority was in the market for KES 25 Billion at a weighted average rate of 7.976% in the 7-day term reverse repos.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.95	111.95	105.95	110.95
GBP/KES	133.90	141.90	134.50	141.50
EUR/KES	123.20	130.20	123.70	129.70
AED/KES	28.03	31.03	28.03	31.03

Money Market Rates	Current	Previous	Change
Interbank Rate	3.252%	2.983%	0.269
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 advanced on Tuesday to 94.195 on the back of positive economic data from the U.S. The U.S. data showed that existing home sales surged to 6 million in August, the highest level in nearly 14 years. Meanwhile, U.S. President Donald Trump told the United Nations General Assembly that China must be held accountable for having "unleashed" COVID-19, prompting Beijing to accuse him of "lies" and abusing the U.N. platform to provoke confrontation.

The GBP/USD pair inched down to \$1.2725 on Tuesday, after U.K. Prime Minister Boris Johnson announced new restrictive measures. The measures are likely to be in place over the next six months, with Johnson urging Britons to work from home.

The euro fell to \$1.1679 on Tuesday. Sentiment for the euro has slowly weakened as investors grow increasingly worried about surging coronavirus infections in countries like France and Spain, raising the risk of lockdowns. Many euro zone countries have reintroduced travel restrictions, forcing airlines to scale back passenger services after a relatively quick run up over the summer.

The Japanese yen was up to 105.14 as Japan returned from a national holiday on Wednesday. The combination of risks is giving rise to a bid in the greenback that is correcting the perceived dovish stance from the Federal Reserve.

Elsewhere, global oil prices down on Wednesday to \$41.45 amidst continuing global uncertainty. With COVID-19 cases rising across Europe and the U.S., oil took a backseat in morning trade. An unexpected rise in U.S. inventories also dampened interest.

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	1.1810
GBP/USD	1.2640	1.2980
USD/AED	3.6675	3.6775
USD/JPY	104.20	106.70

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.