



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

## TREASURY MARKET UPDATE 24<sup>TH</sup> AUGUST 2020

### DOMESTIC NEWS

The Kenya Shilling made a sharp U-turn after spending most of the last two weeks in a tight range, as a wave of foreign currency supply hit the local FX counters. The home unit received a boost as dollar demand tapered, while sellers took advantage of the attractive levels to reduce their foreign currency holdings, giving the local unit a lift from previous close. Whether the local currency will hold on to its recent acquired gains remains to be seen. We however do not rule out a weaker shilling as importers are likely to hit counters as end month approaches. By close of trade, the local unit at 107.90/108.10 as compared to Thursday's close of 108.10/108.30.

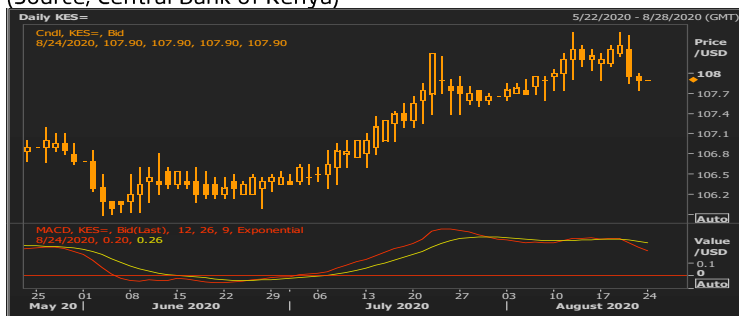
In other news, the market did not show the same appetite for the T-bills as it did for the Infrastructure bond auctioned this week. A paltry KES 9.684Bn was submitted in bids with basically all of it being accepted by the Central Bank of Kenya. This points to a reduction in the liquidity levels at play as the bond auctions for this month have absorbed in excess of KES 110bn. In the meantime, the monetary authority mopped up KES 20 Billion in excess liquidity at a weighted average rate of 3.317% in the 4-day repo.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.55	111.55	105.55	110.55
GBP/KES	137.40	145.40	137.90	144.90
EUR/KES	123.95	130.95	124.50	130.50
AED/KES	27.92	30.92	27.92	30.92

Money Market Rates	Current	Previous	Change
Interbank Rate	2.711%	2.582%	0.129
91-Day T-bill	6.257%	6.200%	0.057
182-Day T-Bill	6.600%	6.561%	0.039
364-Day T-Bill	7.508%	7.517%	-0.009
Inflation	4.360%	4.590%	-0.230
CBR RATE	7.000%	7.000%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index held steady at 93.155 on Friday as traders looked to more data for a gauge on the health of the global economy and the Federal Reserve's annual Jackson Hole retreat for guidance on the outlook for U.S. monetary policy. Meanwhile, Trump on Sunday raised the possibility of decoupling the U.S. economy from China as part of a broad-ranging dispute with Beijing over China's role in global trade and advanced technology.

The GBP/USD pair dipped to \$1.3087 on Friday. Fears of the no-deal Brexit gained momentum, also backed by failure to reach any agreements by the European Union and the UK's policymakers. Additionally, the Financial Times shared the news relying on the government analysis while suggesting that Britain appears to be on course to enjoy a record-breaking economic recovery in the third quarter.

The euro was on the defensive at \$1.1170 following disappointing manufacturing and services sector data for Europe released on Friday. Data wise in the euro region, flash manufacturing and services PMIs in France, Germany and the broader Euroland came in all below expectations.

The Japanese yen declines to 105.75 during the initial hour of Monday's Tokyo open. The pair joins the previous two-day downside while taking a turn from the intraday high of 105.94 after Japanese traders kick-start the week.

Elsewhere, global oil prices inched down on Monday to \$44.89 per barrel giving up earlier gains over ongoing concerns over fuel demand recovery as the number of global COVID-19 cases continues to show no signs of decreasing.

### Indicative Profit Rates on Deposits

	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

	Indicative Cross Rates	
	Bid	Offer
EUR/USD	1.1720	1.1930
GBP/USD	1.3040	1.3370
USD/AED	3.6675	3.6775
USD/JPY	104.60	106.80

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