



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH SEPTEMBER 2020

DOMESTIC NEWS

The shilling was marginally weaker, losing a few cents versus the buck in Wednesday's trading, characterized by a surge in corporate dollar demand. The home unit wavered on the weaker side as buyers flooded the market to pick up the greenback while foreign currency inflows remained suppressed. Looking ahead, range bound trading is expected to remain dominant with flows guiding the direction of USDKES. By close of day, the local unit at 108.40/108.60 as compared to Tuesday's close of 108.35/55.

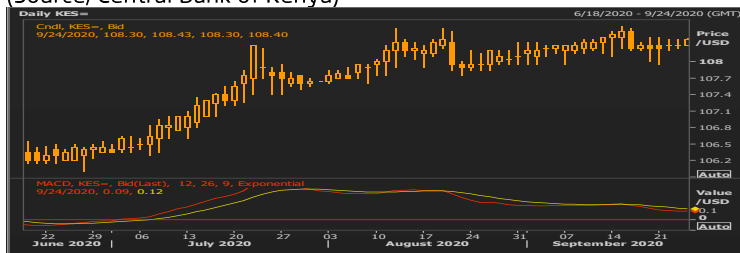
In other news, The European Union has granted Kenya KSh643 million to boost cereals production in the country. The EU grant will also finance market access programmes, and training of cereals farmers on crop husbandry to produce quality cereals. The grant is part of a KSh15 billion fund to finance a government initiative to increase cereal production across thirteen counties. Over the next five years, the government is planning to invest KSh5 billion to increase cereals production. The project targets 185,000 farmers and will be expected to increase, maize, beans, sorghum green grams and cowpeas in 13 counties. In the meantime, the monetary authority was in the market for KES 20 Billion at a weighted average rate of 7.700% in the 14-day and 7.900% in the 28-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	134.40	142.40	134.90	141.90
EUR/KES	123.10	130.10	123.60	129.60
AED/KES	28.04	31.04	28.04	31.04

Money Market Rates	Current	Previous	Change
Interbank Rate	3.346%	3.252%	0.094
91-Day T-bill	6.309%	6.273%	0.036
182-Day T-Bill	6.773%	6.720%	0.153
364-Day T-Bill	7.690%	7.571%	0.119
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 down on Thursday to 94.365, after earlier gains were reversed over lingering doubts about the latest U.S. stimulus package. U.S. markets rose over increased hopes that the U.S. Congress would break a months-long impasse to pass the latest COVID-19 stimulus measures. Democrats in the U.S. House of Representatives announced that they are working on a \$2.2 trillion COVID-19 stimulus package that could be voted on next week. There is also a suggestion that House of Representatives Speaker Nancy Pelosi and U.S. Treasury Secretary Steven Mnuchin could resume stalled stimulus talks.

The GBP/USD pair advanced to \$1.2754 on Thursday. The pound was supported by U.K. Chancellor of the Exchequer Rishi Sunak's 'winter plan' providing limited support for workers as the country continues to battle against a second wave of COVID-19.

The euro changed hands at \$1.1671 after having hit a two-month low on Thursday, because the Eurozone is facing a second wave of coronavirus and new lockdown restrictions could cause more significant economic damage.

The Japanese yen remains in a familiar range around 105.50 on Friday, unable to benefit from an uptick in the Asian equities. The focus shifts to the US Durable Goods data after the downbeat Jobless Claims and stronger New Home Sales releases.

Elsewhere, global oil prices were little changed on Friday at \$41.92 per barrel but on track for a weekly fall on concerns that a global resurgence of COVID-19 infections will constrain fuel demand, while the likely return of exports from Libya will add to supply.

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	1.1540	1.1730
GBP/USD	1.2610	1.2980
USD/AED	3.6675	3.6775
USD/JPY	104.20	106.70

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