



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 26TH AUGUST 2020

DOMESTIC NEWS

The Kenya shilling inched lower against the dollar on Tuesday in another low-key trading session where increased dollar demand dominated the session. 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, the home unit had to consent to a loss compared to its previous day's close. Volatility in the local FX market remains elevated though the direction of the USDKES pair remains at the mercy of the larger market sentiment. By close of day, the local unit at 108.15/108.35 as compared to Monday's close of 108.00/108.20.

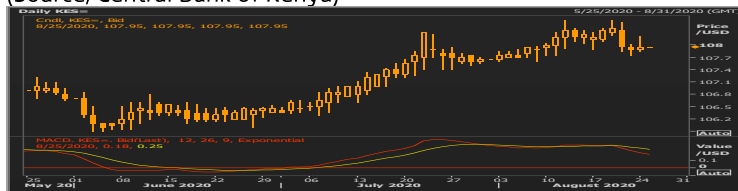
In other news, the financial sector regulators have warned the public of the re-emergence of fraudulent and unlicensed financial schemes seeking to take advantage of Kenyans during the Covid-19 period. In a joint notice on Tuesday, the Central Bank of Kenya (CBK), Capital Markets Authority (CMA), Insurance Regulatory Authority (IRA), Sacco Societies Regulatory Authority (SASRA), Retirement Benefits Authority and the Industrialization Ministry, warned Kenyans to be cautious. They have vowed to take action against fraudulent and unlicensed financial entities in the country, even as they call on members of the public to blow the whistle on them. In the meantime, the monetary authority mopped up KES 15 Billion in excess liquidity at a weighted average rate of 7.450% in the 7-day reverse repo.

Indicative Forex rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 104.65 | 111.65 | 105.65 | 110.65 |
| GBP/KES | 137.75 | 145.75 | 138.30 | 145.30 |
| EUR/KES | 124.25 | 131.25 | 124.75 | 130.75 |
| AED/KES | 27.94 | 30.94 | 27.94 | 30.94 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 3.061% | 2.954% | 0.107 |
| 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 dipped on Tuesday to 93.062 on the back of disappointing U.S. data. August's Conference Board (CB) consumer confidence index fell to 84.8, its lowest level since May 2014, with COVID-19-induced high unemployment contributing to the fall. The reading was much lower than forecast of 93, and was also lower than July's reading of 91.7. Attention is now focusing on U.S. Federal Reserve Chairman Jerome Powell, and his speech at Thursday's Jackson Hole symposium, for guidance on the Fed's response to the figures.

The GBP/USD pair inched down to \$1.3142 on Tuesday as EU diplomat Michel Barnier told the EU states to be 'cold-blooded' with Britain as the Brexit trade deal deadline looms. Investors will also be keeping an eye on Brexit trade negotiations between the U.K. and the European Union, which have so far seen a lack of progress.

The euro stood at \$1.1810 as it benefitted from upbeat German macro data, which showed that the economy contracted by a record 9.7% in the second quarter of 2020 as compared to 10.1% estimated previously.

The Japanese yen pierces 106.50 as markets in Tokyo open for Wednesday's trading. The pair's intraday gains follow the previous two-day winning streak as market sentiment stays positive amid hopes of an early cure to the coronavirus.

Elsewhere, global oil prices edged higher on Wednesday to \$45.94 per barrel, lifted by U.S. producers shutting most of their offshore output in the Gulf of Mexico ahead of Hurricane Laura and optimism over China-U.S. trade talks.

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 | 1.1705 | 1.1930 |
| GBP/USD | 1.3030 | 1.3360 |
| USD/AED | 3.6675 | 3.6775 |
| USD/JPY | 105.05 | 106.90 |

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.