



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

## TREASURY MARKET UPDATE 27<sup>TH</sup> JULY 2020

### DOMESTIC NEWS

The Kenya shilling was stronger against the greenback in yesterday's trading session on the back of increased dollar inflows. The pressure on the shilling during the week was seen from the corporate sector leading the shilling to weaken to an all-time record low. However it received respite as dollar inflows outweighed demand. In the new week, we expect a drop in market activity that could see the shilling stay range bound within recent levels. By close of trade, the local unit stood at 107.70/90 as compared to Thursday's close of 107.95/05.

In other news, The Monetary Policy Committee (MPC) is set to meet on Wednesday to review the outcome of its previous policy decisions and recent economic developments, and to decide on the direction of the Central Bank Rate (CBR). In their previous meeting held on June 25, the committee decided to reconvene within a month for an early assessment of the impact of the measures already in place, and the evolution of the COVID-19 pandemic. In the last sitting, the MPC maintained the CBR at seven per cent, citing that the accommodative policy stance adopted in March, April and May sittings, which saw a cumulative 125bps cut was having the intended effects on the economy. As the CBK's decision committee meets, expectations are that the rate should be maintained, as cuts would lead to a further depreciation of the shilling thus reducing Kenya's attractiveness as an investment destination.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.10	110.10	104.10	109.10
GBP/KES	129.20	137.20	129.70	136.70
EUR/KES	116.85	123.85	117.35	123.35
AED/KES	27.52	30.52	27.52	30.52

Money Market Rates	Current	Previous	Change
Interbank Rate	2.315%	2.286%	0.029
91-Day T-bill	6.112%	6.011%	0.101
182-Day T-Bill	6.440%	6.524%	-0.084
364-Day T-Bill	7.370%	7.464%	-0.094
Inflation	4.590%	5.330%	-0.740
CBR RATE	7.000%	7.000%	0.000

(Source: Central Bank of Kenya)

### INTERNATIONAL NEWS

The U.S. dollar index plunged on Friday to 93.333, from increasing U.S.-China tensions over the latest disagreement between the two countries. The latest tit-for-tat stemmed from the U.S. State Department's order to close the Chinese Consulate in Houston within 72 hours during the week. China retaliated by ordering the U.S. to close its consulate in Chengdu on Friday, with a Monday deadline. U.S. Secretary of State Michael Pompeo stoked the flames further over the week when he suggested that Washington and its allies must use "more creative and assertive ways" to change China's ways. Meanwhile, investors will be looking to the U.S. Federal Reserve, due to convene later in the week, for clues over the U.S. economic recovery from COVID-19.

The GBP/USD pair gained to \$1.2830 on Friday on the back of better-than-expected data coupled with UK coronavirus headlines which have fortunately been on the backburner as numbers continue falling. That would allow further gradual removal of restrictions, supporting the pound.

The euro jumped to \$1.1691 on Friday as an escalation of Sino-US tensions, lingering virus concerns, and the US failure to deliver the additional coronavirus package weighed over US stocks last week.

The Japanese yen is lacking a clear directional bias during Monday's Asian trading hour at 106.00 as it failed to draw bids on Bank of Japan's optimistic comments on the economy.

Elsewhere, global oil prices edged lower on Monday to \$43.20 per barrel as rising coronavirus cases and tensions between the United States and China pushed investors toward safe-haven assets.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million	
	KES	USD
2 Weeks	6.00%	1.25%
1 Month	6.50%	1.50%
3 Months	6.75%	1.75%
6 Months	7.00%	2.00%
1 year	7.25%	2.05%

### Indicative Cross Rates

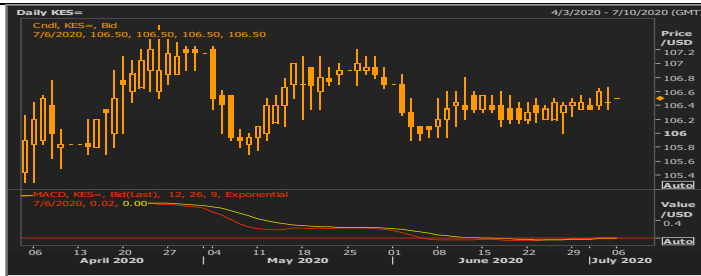
	Bid	Offer
EUR/USD	1.1390	1.1520
GBP/USD	1.2470	1.2670
USD/AED	3.6675	3.6775
USD/JPY	106.50	108.80

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(Source; Reuters)

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