



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

## TREASURY MARKET UPDATE 29<sup>TH</sup> JULY 2020

### DOMESTIC NEWS

The Kenya shilling was marginally weaker against the dollar on Tuesday as demand for the greenback dominated the trading session. The home unit regressed, giving up some of its recent gains corporate demand emerged from the shadows to take advantage of the perceived favorable price for dollar. In today's session, we expect a range bound theme dominating trading as market players look out for a shift in market dynamics. By close of trade, the local unit stood at 107.75/95 as compared to Monday's close of 107.70/90.

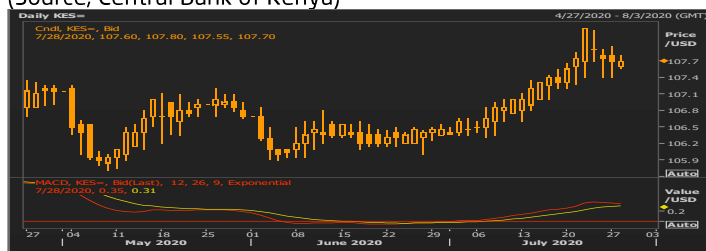
In other news, Kenya will sell an 11-year, amortized infrastructure bond to raise 70 billion shillings (\$650.26 million) next month, the central bank (CBK) said on Tuesday. The bank said in a statement it would receive bids for the bond until Aug.18, and auction it a day later. The bond has a pre-determined coupon set at 10.90%. In addition, The CBK will offer a 20-Year bond on Tap sale, with the price set at 12.931%. The CBK will be seeking KES 40Bn and like other TAP Sales, the bids will be allotted on a first-come-first-served basis. Sale period ends on 4<sup>th</sup> August 2020 or upon attainment of quantum, whichever comes first. In other news, the monetary authority mopped up KES 20 Billion in excess liquidity at a weighted average rate of 4.91% in the 7-day repo.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.40	111.40	105.40	110.40
GBP/KES	135.40	143.40	135.90	142.90
EUR/KES	123.05	130.05	123.55	129.55
AED/KES	27.88	30.88	27.88	30.88

Money Market Rates	Current	Previous	Change
Interbank Rate	2.220%	2.208%	0.012
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)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index languished near two-year lows on Tuesday at 93.720 as the United States struggled to contain a spike in coronavirus cases and dashing hopes for a quick economic recovery. The dour outlook for the world's largest economy is expected to see the U.S. Federal Reserve sticking to a dovish stance at its policy review later in the day, with traders betting it could hint of other ways to loosen policy further down the road. Investors will be watching for any indications that the U.S. central bank will increase its purchases of longer-dated debt, implement yield caps or target higher inflation than it has previously indicated when it concludes its two-day meeting on Wednesday.

The GBP/USD pair fetched \$1.2915 on Tuesday as pessimism surrounding Brexit, coronavirus wave 2.0 and the UK-China tussle weighed on the sterling. Talking about the politics, British foreign minister stressed that China needed to rebuild global trust.

The euro upward momentum stalled at \$1.1730 on Tuesday with investors adopting a cautious stance ahead of the Fed amid renewed concerns regarding the health of the US economy.

The Japanese yen dropped to 105.00 as Tokyo opens for trading on Wednesday. The yen pair stays depressed near the multi-day low as risk-tone remains heavy amid a lack of progress in the US policymakers' negotiations over the much-awaited fiscal package.

Elsewhere, global oil prices rose on Wednesday to \$41.06 per barrel after an industry report showed that crude inventories in the United States fell against expectations, giving the market a boost amid record increases of coronavirus infections in the U.S. and elsewhere.

### 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	1.1640	1.1805
GBP/USD	1.2830	1.2940
USD/AED	3.6675	3.6775
USD/JPY	104.60	105.95

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