



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 2ND JULY 2020

DOMESTIC NEWS

Wednesday's trading saw the USD/KES pair drift higher on account of improved U.S dollar appetite. The pair began its climb relatively early as interbank and corporate players took to mild dollar buying, fueling a slight hike in the spot price. With dwindling foreign currency inflows, the local unit ended the day on the back foot. In the absence of other mitigating factors, the recently established trough should hold as flows drive the pair's direction. By close of trade, the local unit stood at 106.45/65 as compared to Tuesday's close of 106.35/55.

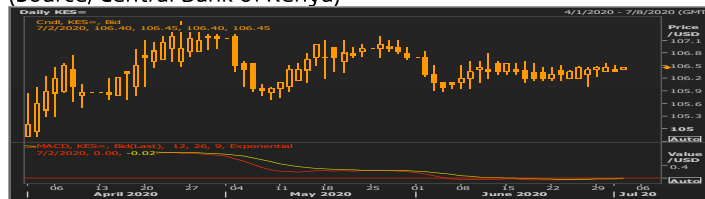
In other news, Kenya's inflation fell to 4.59% year-on-year in June from a revised 5.33% a month earlier, the statistics office said on Tuesday. On a monthly basis, inflation was -0.31% from 0.63% a month earlier, the Kenya National Bureau of Statistics said in a statement. In the meantime, Kenya's economic growth slowed to 4.9% in the first quarter of this year from 5.5% a year earlier, hit by the uncertainty created by coronavirus pandemic. Kenya has enjoyed rapid growth rates in recent years, thanks to its diverse economy which does not depend on a single commodity or one major trading partner, but the pandemic has put the brakes on economic activity. The finance ministry expects growth to slow to 2.5% this year from 5.4% last year, due to the impact of the COVID-19 pandemic.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.05	110.05	104.05	109.05
GBP/KES	129.10	137.10	129.55	136.55
EUR/KES	116.50	123.50	117.10	123.10
AED/KES	27.51	30.51	27.51	30.51

Money Market Rates	Current	Previous	Change
Interbank Rate	4.437%	2.769%	-1.668
91-Day T-bill	6.700%	7.089%	-0.389
182-Day T-Bill	7.395%	7.739%	-0.344
364-Day T-Bill	8.194%	8.667%	-0.473
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 was down on Wednesday to 97.118, retreating on the back of positive results from yet another vaccine candidate for COVID-19. But some investors predicted gains for the dollar with the ever-rising number of COVID-19 cases globally. On the other hand, China announced stipulations for the US media working on their land after the Trump administration pushed for sanctions due to the passage of Hong Kong security law.

The GBP/USD pair gained momentum on Wednesday to \$1.2485 supported by the US dollar's sluggish moves ahead of the key US jobs report for June. However, Brexit woes and fears of more job losses in the UK have guarded the quote's immediate upside. Also acting as the Brexit-negative sign could be the news from the UK Express signaling that more than 300 EU boats will be considered as an invasion of British waters after no-deal departure.

The euro changed hands at \$1.1252 on Wednesday maintaining its gain since the start of week. Meanwhile, the Italian government is planning to pass an additional EUR20 billion in economic stimulus in July to combat the economic fallout.

The Japanese yen bounces off a three-day low to 107.49 during the initial hour of Tokyo open on Thursday. The tensions over the Hong Kong situation are heightening, as the law punishes crimes of secession, subversion and terrorism with life imprisonment.

Elsewhere, global oil prices dipped on Thursday to \$39.72 per barrel after the United States recorded its biggest one-day spike in coronavirus cases and California reimposed some lockdown measures, stoking worries a resurgence in COVID-19 cases will stall a recovery in fuel demand.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
2 Weeks	6.00%	1.25%		
1 Month	6.75%	1.75%		
3 Months	7.00%	2.00%		
6 Months	7.50%	2.25%		
1 year	8.00%	2.50%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1160	1.1330
GBP/USD	1.2360	1.2540
USD/AED	3.6675	3.6775
USD/JPY	106.70	108.90

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.