



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

## TREASURY MARKET UPDATE 2<sup>ND</sup> SEPTEMBER 2020

### DOMESTIC NEWS

Increased dollar demand saw the Kenya shilling edge marginally lower against its American counterpart on Tuesday. Augmented dollar demand outweighed foreign currency inflows, with the domestic currency shedding some cents. We see competing forces taking center stage in the local FX market, limiting the movement of the local unit against the greenback within the now tight but familiar range. Flows will continue to dominate market trading. By close of day, the local unit at 108.25/108.45 as compared to Monday's close of 108.20/108.40.

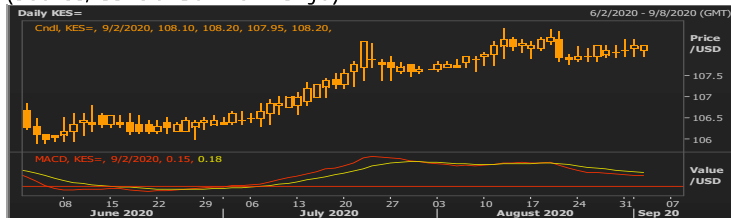
In other news, the rate of joblessness doubled two months after Kenya reported its first coronavirus in March, rising to 10.4 per cent from 5.2 per cent. The survey revealed that the overall employment to population ratio in the country, for the working-age population was 57.7 per cent in the quarter compared to 64.4 per cent recorded in the first quarter of 2020. According to the quarter two Labour Force Report by the Kenya National Bureau of Statistics (KNBS), the level of unemployment rose sharply amongst young people aged 20 to 29 years as employers rushed to cut operational costs. The level of unemployment in this segment, job entrant level rose by 20 per cent, highest on the record. In the meantime, the monetary authority mopped up KES 15 Billion in excess liquidity at a weighted average rate of 3.693% in the 7-day term auction deposit.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.80	111.80	105.80	110.80
GBP/KES	140.90	148.90	141.45	148.45
EUR/KES	125.50	132.50	125.95	131.95
AED/KES	27.98	30.98	27.98	30.98

Money Market Rates	Current	Previous	Change
Interbank Rate	3.208%	3.241%	-0.032
91-Day T-bill	6.273%	6.257%	0.016
182-Day T-Bill	6.625%	6.600%	0.025
364-Day T-Bill	7.507%	7.508%	-0.001
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 advanced on Wednesday to 92.362, after the U.S. saw better-than-expected manufacturing data. Its PMI, at 56, was better than the expected 54.5 and 54.2 in July. The rosy data came on the heels of China and Japan's uptick in manufacturing, playing a part to restore confidence for economic recovery during the COVID-19 pandemic. Also supporting a rebound in the greenback, is U.S. Treasury Secretary Steven Mnuchin who said he would telephone House Speaker Nancy Pelosi about stalled coronavirus aid negotiations.

The GBP/USD pair remained heavy around \$1.3380 on Tuesday. Brexit woes still linger on as it is becoming difficult to finalize a free trade agreement with the European Union before the no-deal deadline at the end of this year. Moving on, the pair traders will keep eyes on the BOE Governor Andrew Bailey for fresh impulse. Hence, his comments will be the key.

The euro dipped to \$1.1900 on Tuesday with Eurozone inflation falling into the negative territory in August, with the consumer price index falling 0.2% year-on-year versus July's 0.4% rise.

The Japanese yen stays on the back foot around 105.90, as traders in Tokyo brace for Wednesday's move. Uncertainty concerning the Japanese leadership challenges the market's risk-on mood.

Elsewhere, global oil prices were up on Wednesday morning to \$45.95 per barrel after the American Petroleum Institute (API) announced a larger-than expected draw in crude oil inventory and as solid U.S. and Chinese factory activity fueled optimism of a recovery from the pandemic, boosting investor risk appetite.

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	1.1810	1.1980
GBP/USD	1.3240	1.3450
USD/AED	3.6675	3.6775
USD/JPY	105.30	107.50

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