



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH JUNE 2020

DOMESTIC NEWS

The shilling weakened against its U.S. counterpart on the first trading day of the week on the back of end-month demand. The domestic unit gave away some of its gains on account of increased dollar appetite from corporates and interbank players, which overwhelmed the erratic foreign currency inflows, leaving the home unit exposed on the downside. We expect that the USD/KES currency pair will trade within the current ranges this week as players continue to seek out fresh factors that are likely to sway the market in favor of either currency. By close of trade, the local unit stood at 106.40/60 as compared to Friday's close of 106.30/50.

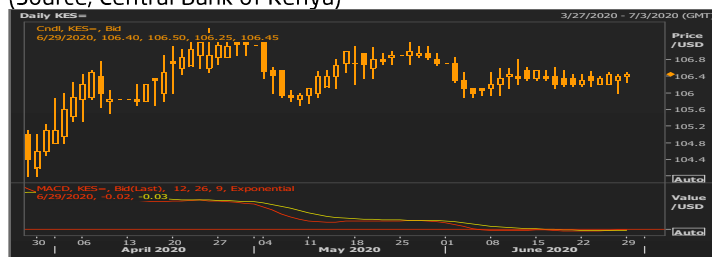
In other news, Kenya has lost 80 billion shillings (\$751.88 million) so far in revenue from its tourism sector, about half of last year's total, due to the coronavirus crisis, its tourism minister said on Monday. In the meantime, The International Monetary Fund (IMF) is likely to revise Kenya's economic projection below one per cent for this year due to the adverse effects of the coronavirus pandemic. In April, IMF cut Kenya's growth projection for 2020 to one per cent in view of Covid-19 effects. This was a five percent drop compared to October last year when it projected the country's growth to expand by six per cent on a stable macro-economic environment.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.05	110.05	104.05	109.05
GBP/KES	127.10	135.10	127.55	134.55
EUR/KES	116.30	123.30	116.80	122.80
AED/KES	27.51	30.51	27.51	30.51

Money Market Rates	Current	Previous	Change
Interbank Rate	3.140%	3.262%	-0.122
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	5.470%	5.620%	-0.150
CBR RATE	7.000%	7.000%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index drifted lower on Monday to 97.170, as sentiment surrounding currency traders continues to fluctuate between optimism over a global economic recovery and worry as the number of coronavirus cases continues to grow. Some investors raised concerns that the re-implementation of lockdown measures in some U.S. states to curb the spiking number of cases would delay the U.S. economic recovery.

The GBP/USD pair gained to \$1.2306 on Monday, boosted by Prime Minister Boris Johnson's pledge to take a "Rooseveltian approach to the U.K." and increase spending. But doubts remain on how the British government will pay for the approach, as well as on whether a trade pact between the U.K. and the European Union will be signed.

The euro advanced on Monday to \$1.1310 after German inflation beat estimates in June. In addition, President Christine Lagarde said The European Central Bank will be supporting the Deutsche Bundesbank in its efforts to ensure its continued participation in the implementation of the Public Sector Purchase Programme.

The Japanese yen is currently trading at 107.60, as markets in Tokyo open for trading on Tuesday. Citing the spread of the coronavirus infections in the country, the Japanese government announced adding a further 18 countries to its list of the entry ban, which comes into effect from July 1.

Elsewhere, global oil prices fell on Tuesday to \$39.44 per barrel as optimism for a straightforward recovery in fuel demand faded and a looming increase in supply weighed, with Libya's state oil company flagging progress on talks to resume exports.

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	
	Value /USD		Value /USD	
EUR/USD	1.1150	1.1295		
GBP/USD	1.2260	1.2370		
USD/AED	3.6675	3.6775		
USD/JPY	106.85	108.50		

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.