



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH NOVEMBER 2020

DOMESTIC NEWS

The Kenya shilling was under pressure on the last trading day of the week, on the backdrop of swelling appetite for the greenback. Dogged but gradual dollar appetite from corporates and interbank players was more than sufficient to trample on the fickle foreign currency inflows compelling the local unit to close on the back foot against the dollar. With demand for the buck presently lurking, we see the shilling enduring its bearish run in the near term. By close of day, the local unit stood at 109.95/110.15 as compared to Thursday's close of 109.80/110.00.

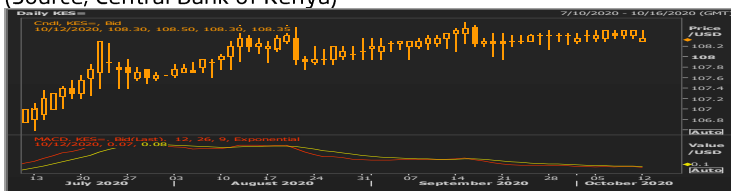
In other news, Provisional data on balance of payments shows that the current account deficit narrowed to 4.9 percent of GDP in the 12 months to October 2020 compared to 5.3 percent of GDP during a similar period in 2019. This reflected strong performance of agricultural exports, resilient remittances, as well as lower oil imports. In the meantime, the usable foreign exchange reserves remained adequate at USD 7,951 million (4.88 months of import cover) as at November 26. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.55	114.50	109.00	114.50
GBP/KES	142.85	150.85	143.35	150.85
EUR/KES	128.80	135.29	128.8	135.29
AED/KES	28.04	31.46	28.40	31.46

Money Market Rates	Current	Previous	Change
Interbank Rate	3.669%	3.639%	0.030
91-Day T-bill	6.730%	6.706%	0.024
182-Day T-Bill	7.193%	7.152%	0.041
364-Day T-Bill	8.151%	8.094%	0.057
Inflation	4.840%	4.200%	0.640
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index dipped on Friday to 91.688, heading towards its largest fall since July as lingering vaccine optimism and the possibility of further monetary easing by the U.S. Federal Reserve saw investors retreat from the safe-haven asset. Meanwhile, Investors will be looking to Fed Chairman Jerome Powell's testimony before Congress on Tuesday and Wednesday for further clues into the central bank's reasoning and the direction of the economic recovery. U.S. labor market data, including the Markit composite PMI, is also due later in the week.

The GBP/USD pair inched up to \$1.3340 on Friday. The pound had climbed steadily throughout the month to its highest level since September as investors bet that the U.K. and the European Union would reach consensus on their Brexit deal before the deadline.

The euro rose on Friday to 1.1974 with the safe-haven dollar extending recent losses on continued expectations for a swift global economic recovery on potential coronavirus vaccines.

The Japanese Yen edged down to 103.88 on Monday. Data released earlier in the day showed that industrial production grew 3.8% month-on-month in October, slightly lower than the 3.9% growth seen in September.

Elsewhere, global oil prices fell on Monday to \$47.72 per barrel, amid investor jitters ahead of a meeting of producer group OPEC+ to decide whether to extend large output cuts to balance global markets.

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	1.1800	1.2000	
GBP/USD	1.3200	1.3500		
USD/AED	3.6675	3.6775		
USD/JPY	102.9	107.00		

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1354/55, Cell +254 709913354/55. 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.