



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH SEPTEMBER 2020

DOMESTIC NEWS

The new week saw the home unit edge a tad higher versus the US dollar. Despite the local FX counters remaining bid throughout the session, the shilling found some reprieve from augmented dollar supply. The inflows, most likely from diaspora remittances and NGO's, tipped the scales in favor of the Kenyan currency to end the day 5 cents higher than the previous close. As the week progresses, we expect flows to remain the main determinant for the direction of the USDKES pair. By close of day, the local unit at 108.40/108.60 as compared to Monday's close of 108.35/108.55.

In other news, Kenya's central bank held its key interest rate for the fourth straight meeting as policy measures including 150 basis points of cuts are having the intended impact on the economy. The monetary policy committee maintained the rate at 7%, Governor Patrick Njoroge said Tuesday in a statement. Economic experts had said they expected inflation to remain stable despite supply-side disruption due to COVID-19, mainly supported by stable food prices due to favorable weather conditions.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.05	112.05	106.05	111.05
GBP/KES	135.15	143.15	135.70	142.70
EUR/KES	125.10	132.10	125.60	131.60
AED/KES	28.05	31.05	28.05	31.05

Money Market Rates	Current	Previous	Change
Interbank Rate	2.717%	2.332%	0.385
91-Day T-bill	6.267%	6.295%	-0.028
182-Day T-Bill	6.689%	6.627%	0.062
364-Day T-Bill	7.564%	7.554%	0.010
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 was up on Tuesday to 93.977 with investors digesting economic data from China as well as the presidential debate between U.S. President Donald Trump and Democrat Joe Biden. But investors could not decide on a winner, with neither candidate scoring a decisive advantage. Meanwhile, focus is also on the U.S. Congress' progress towards passing the latest \$2.2 trillion fiscal stimulus bill proposed by Democrats.

The GBP/USD pair edged down to \$1.2839 on Tuesday. Although the pound initially saw gains as hopes for a Brexit deal with the European Union rose, the gains however reversed on Bank of England governor Andrew Bailey's stated openness to introducing negative interest rates if needed.

The euro dipped from the session high of \$1.1755 to \$1.1730 on Tuesday after President Trump said that the Nov. 3 election result might not be known for months. The risk-off mood will likely persist in Europe, keeping the euro under pressure. After all, any post-election uncertainty would be bad for both the US and the global economy. In the meantime, President of the European Central Bank, is due to speak in Frankfurt and may shed light on the ECB's next moves.

The Japanese yen extends the weekly south run to 105.63, as trading in Tokyo begins for Wednesday.

Elsewhere, global oil prices extended losses on Wednesday to \$40.55 per barrel on worries that rising coronavirus cases heading into the northern winter would lead to further restrictions on activity and curb demand for fuel.

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	
	Value /USD		Value /AED	
EUR/USD	1.1750	1.1930		
GBP/USD	1.2760	1.2980		
USD/AED	3.6675	3.6775		
USD/JPY	105.20	107.50		

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.