



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 3RD AUGUST 2020

DOMESTIC NEWS

The Kenya shilling was stronger against the greenback in Thursday's trading session on the back of increased dollar inflows. Foreign currency inflows from the agricultural and telecommunications sector came to the aid of the local currency outclassing the bantam appetite from importers. In the new week, we expect the USD/KES spot price will remain flow driven as market pundits look out for fresh factors to offer price direction. By close of trade, the local unit stood at 107.60/80 as compared to Wednesday's close of 107.65/85.

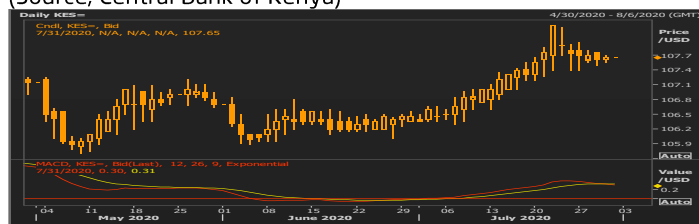
In other news, Kenya's central bank governor said on Thursday that the bank expects the current account deficit this year of 5.1% of GDP, narrower than the previous forecast of 5.8%. Patrick Njoroge attributed the improved outlook to a better-than-expected performance in hard cash sent by Kenyans living abroad, known as remittances, as well as a rebound in farm exports. The central bank was not concerned by the recent depreciation of the shilling, which is down 6.3% against the dollar this year to date. "We still think these numbers (shilling's drop) are appropriate given the circumstances," he told an online news briefing. In other news, the monetary authority mopped up KES 30 Billion in excess liquidity at a weighted average rate of 4.924% in the 7-day repo.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.25	111.25	105.25	110.25
GBP/KES	137.05	145.05	137.55	144.55
EUR/KES	123.40	130.40	123.90	129.90
AED/KES	27.83	30.83	27.83	30.83

Money Market Rates	Current	Previous	Change
Interbank Rate	2.297%	2.349%	-0.052
91-Day T-bill	6.112%	6.011%	0.101
182-Day T-Bill	6.440%	6.524%	-0.084
364-Day T-Bill	7.370%	7.464%	-0.094
Inflation	4.360%	4.590%	-0.230
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index wobbled on Friday settling at 93.535 as mounting concerns about a slowing U.S. economic recovery from the coronavirus pandemic weighed on the greenback. In addition, worries concerning the U.S. failing to reach a consensus over the latest stimulus measures, after some previous measures expired on Friday put investors on the edge. Meanwhile, U.S.-China tensions simmered over the weekend after U.S. President Donald Trump threatened to ban popular video app TikTok, which is owned by Chinese tech company ByteDance, on Friday. Secretary of State Michael Pompeo also said that the U.S. will act shortly on Chinese software companies that are providing data directly to the Beijing government, thus posing a risk to U.S. national security.

The GBP/USD advanced to \$1.3090 on Friday over news that the UK is reviewing Covid-19 fighting options including a London lockdown coupled with dwindling Brexit talks with fears of a no-deal Brexit looming.

The euro changed at \$1.1740 on Friday on as concerns that European Union's digital protectionism may anger Washington and Beijing.

The Japanese yen stays modestly changed while taking rounds to 105.90 as markets in Tokyo opens for trading on Monday. The pair recently picked up the bids after the final readings of Japan's Q1 GDP data while also concentrating on the risk aversion wave.

Elsewhere, global oil prices fell on Monday to \$43.26 per barrel on oversupply concerns as OPEC and its allies wind back production cuts in August and a rise in worldwide COVID-19 cases points to a slower pick-up in fuel demand.

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.00%	1.25%
1 Month	6.25%	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	1.1715	1.1860
GBP/USD	1.2950	1.3130
USD/AED	3.6675	3.6775
USD/JPY	104.05	106.90

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