



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

## TREASURY MARKET UPDATE 3RD DECEMBER 2020

### DOMESTIC NEWS

The shilling waffled to the weaker side at the start of the week as demand for the greenback dominated the trading session. The local currency struggled throughout the session to find its footing on the back of mounting demand for the buck by importers, amid waning foreign currency inflows, leaving it ten cents lower by the day. We expect the home unit will trade on the back foot as demand for the buck continues to outweigh foreign currency supply, unless inflows trickle through in numbers. In the new day, we see the home unit trading within these ranges, albeit with a bearish shade as foreign currency demand from the various sectors continues to manifest. By close of day, the local unit stood at 110.55/110.75 as compared to Tuesday's close of 110.05/110.25.

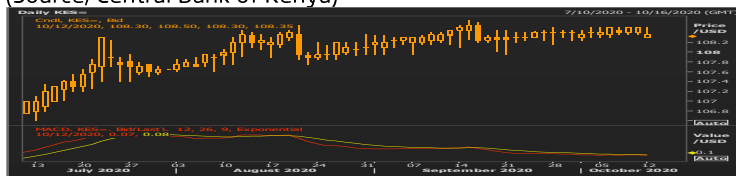
In other news, Kenya's sugar sector has received a further two-year protection from sugar imports from the Common Market for Eastern and Southern Africa. The safeguard set to expire in February 2021, now runs to February 2023. It kicks off in March next year. The extension was granted at the 41st COMESA Council of Ministers meeting and offers relief to Kenyan millers and farmers who face competition from cheap imports. Kenya had made a presentation of the sugar safeguard implementation progress through the COMESA technical committees and requested for a two-year extension after the current one lapses. In the meantime, the monetary authority was in the market for KES 30 Billion at a weighted average rate of 6.999% in the 7-day reverse repos.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.20	114.20	108.20	115.70
GBP/KES	144.15	152.15	144.70	151.70
EUR/KES	130.65	137.65	131.15	137.15
AED/KES	28.60	31.60	28.60	31.60

Money Market Rates	Current	Previous	Change
Interbank Rate	3.927%	3.888%	0.039
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	5.460%	4.840%	0.620
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 91.037 even as the possibility of the U.S. economic stimulus measures and the first approval of a COVID-19 vaccine increased investors' risk appetites. Although Republicans and Democrats in Congress have yet to reach agreement over the latest stimulus measures' price tag, investors remained optimistic that a \$908 billion bipartisan proposal is slowly gaining traction.

The GBP/USD pair inched up to \$1.3367 on Wednesday. The pound was hovering near a three-month high, after trading unevenly during the previous session as Brexit talks between the U.K. and the European Union (EU) reach "a make-or-break moment", according to chief EU chief Brexit negotiator Michel Barnier. Envoys from EU member states also urged Barnier not to be rushed into an unsatisfactory agreement, even as the year-end deadline to reach a consensus looms closer.

The euro made a quantum leap towards \$1.12120 on Wednesday on the back of US dollar sentiment, a slowdown in the coronavirus cases across Eurozone, stronger Eurozone data, and the stock market rally. The European Central Bank is expected to announce more stimulus at its Dec. 10 meeting.

The Japanese Yen is consolidating the recent drop from 104.75 levels in Thursday's Asian trading amid a broadly subdued US dollar and mixed market sentiment.

Elsewhere, global oil prices were up on Thursday to \$48.29 per barrel, even as oil producers including Russia and Saudi Arabia remained deadlocked over the extension of production cuts, and the U.S. saw a smaller-than expected draw in crude oil supply.

### 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	1.1950	1.2270
GBP/USD	1.3260	1.3590
USD/AED	3.6675	3.6775
USD/JPY	103.30	107.70

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