



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 3RD JULY 2020

DOMESTIC NEWS

The tide continued to turn against the Kenya Shilling on Thursday as a result of increased foreign currency demand. A drive in foreign currency demand from various sectors of the economy inundated the market and saw the USDKES currency pair close weaker. In today's session, we expect the USD/KES pair to trade within the recent ranges. That said, the market remains on the lookout for new developments that might skew the odds for the local currency in either direction. By close of trade, the local unit stood at 106.60/80 as compared to Wednesday's close of 106.45/65.

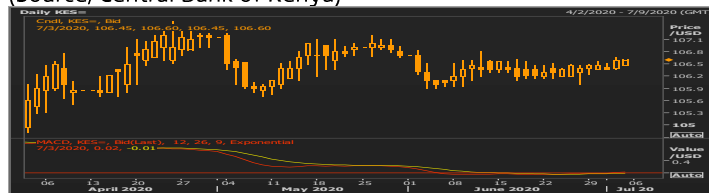
In other news, Kenya has been awarded the World Travel and Tourism Council, Safe Travel Stamp after adopting the global health and hygiene protocols dubbed 'Safe Travels'. Speaking when he unveiled the Magical Kenya Travel & Tourism Health and Safety Guidelines and Protocols, Tourism cabinet secretary Najib Balala said the recognition was timely as the country prepares to reopen the tourism and hospitality industry after months of closure. Kenya, in line with global reopening of tourism and travel protocols made its submission drafted by National Tourism and Hospitality Protocols Taskforce to the World Travel and Tourism Council) and the World Tourism Organization for validation. In the meantime, the monetary authority was in the money market in a bid to mop KES 10 billion in 7-day term auction deposits at a weighted average rate of 3.268%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.20	110.20	104.20	109.20
GBP/KES	128.95	136.95	129.50	136.50
EUR/KES	116.40	123.40	116.90	122.90
AED/KES	27.55	30.55	27.55	30.55

Money Market Rates	Current	Previous	Change
Interbank Rate	4.437%	2.769%	-1.668
91-Day T-bill	6.546%	6.700%	-0.154
182-Day T-Bill	7.048%	7.395%	-0.347
364-Day T-Bill	7.769%	8.194%	-0.425
Inflation	4.590%	5.330%	-0.740
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was down on Thursday to 97.248 but not out, with investors focused on the greenback after positive data from the U.S. Non-farm payrolls rose to 4.8 million in June to register the best reading since records began in 1939., higher than the 3 million in analyst forecasts. Meanwhile, The U.S. Senate unanimously approved legislation on Thursday to penalise banks doing business with Chinese officials who implement Beijing's new national security law for Hong Kong, raising the chances of further friction between the world's two- largest economies.

The GBP/USD pair reversed its gains on Thursday to settle at \$ 1.2460, as policymakers from the European Union and the UK called off the Brexit trade deal talks earlier than initially planned on a grim note. Other than the Brexit woes, fears of huge job losses in the nation as well as UK PM Boris Johnson's signal to not stretch the furlough scheme, per evening standard, also weighed on the quote.

The euro dived to \$1.1225 on Thursday over the euro area unemployment rate which ticked up to 7.4% in May from 7.3% in April, a shorter increase than the 7.7% forecasted by the market.

The Japanese yen takes its bids to 107.50, as markets in Tokyo open for trading on Friday. Japanese Finance Minister Taro Aso said in a statement on Friday, said that the period of low-interest rates may not continue forever.

Elsewhere, global oil prices eased on Friday to 42.85 per barrel, reversing earlier gains, as the resurgence of the coronavirus globally and in the United States, the world's largest oil consumer, stoked worries that a fuel demand recovery could stall.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES		USD	
2 Weeks	6.00%	1.25%		
1 Month	6.50%	1.50%		
3 Months	6.75%	1.75%		
6 Months	7.00%	2.00%		
1 year	7.25%	2.05%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1210	1.1320
GBP/USD	1.2405	1.2550
USD/AED	3.6675	3.6775
USD/JPY	106.80	108.70

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.