



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 3RD NOVEMBER 2020

DOMESTIC NEWS

The shilling played nervously on the back foot at the start of the week weighed down by tenacious demand for the greenback. The local currency traded with a slightly bearish bias in the wake of dollar buying by players from the corporate sector, leading the home unit 5 cents lower than the previous close. In today's trading, expectations are for the USD/KES pair to remain bound within the current range, with a slight bearish tinge should the recently witnessed demand persists. That said, the market remains to be flow-driven as foreign currency demand and supply battle for supremacy in the local FX market. By close of day, the local unit stood at 108.70/108.90 as compared to Friday's close of 108.65/108.85.

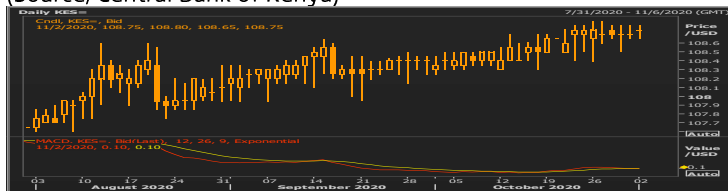
In other news, overall year-on-year inflation increased to 4.84 in October from 4.20 per cent last month, mainly on a rise in transport and selected food commodity prices. The Kenya National Bureau of Statistics data released shows month-on-month food and non-alcoholic drinks' index increased by 1.14 per cent in October, while year-on-year food inflation increased by 5.76 per cent. The indices and inflation rates were generated from data collected through a survey of retail prices that targeted a basket of household consumption goods and services. The jump on inflation comes amid the Covid-19 impact on the economy, with households feeling the brunt of the pandemic as job losses; pay cuts and low business returns remain a norm.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.00	112.00	106.00	111.00
GBP/KES	137.50	145.50	137.90	144.90
EUR/KES	124.55	131.55	125.10	131.10
AED/KES	28.04	31.04	28.04	31.04

Money Market Rates	Current	Previous	Change
Interbank Rate	3.419%	3.422%	-0.003
91-Day T-bill	6.589%	6.520%	0.069
182-Day T-Bill	6.967%	6.909%	0.058
364-Day T-Bill	7.840%	7.800%	0.040
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 Monday to 94.037 ahead of the U.S. presidential election. Democrat candidate Joe Biden has a comfortable lead over incumbent President Donald Trump according to opinion polls, and a Biden victory could see big stimulus packages, with a more consistent foreign policy potentially benefitting trade-exposed currencies. However, investors are not counting out the possibility of a Trump victory or an inconclusive result, with some states too close to call.

The GBP/USD pair eased towards \$1.2900 on Monday, with the second national lockdown hitting the already fragile British economy. England's lockdown is aimed to last until Dec. 2 could be extended as Britain struggles to contain a second wave of coronavirus.

The euro regained poise on Monday to \$1.1655 despite the US election uncertainty and resurgence of coronavirus. That said, some still fear that the election results could be contested, leading to a protracted period of uncertainty. As such, caution is likely to persist at least for the next 24 hours, capping the gains for the euro.

The Japanese yen slumped to 104.75 during Tuesday's Asian session. Traders will be closely watching the 2020 US election polls for immediate direction.

Elsewhere, global oil prices slipped on Tuesday to \$38.82 per barrel as worries about soaring COVID-19 cases, rapidly rising Libyan supply and U.S election jitters outweighed growing hopes that major producers would hold back on planned production increases.

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	1.1540	1.1730
GBP/USD	1.2830	1.3190
USD/AED	3.6675	3.6775
USD/JPY	103.60	106.50

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