



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 4TH AUGUST 2020

DOMESTIC NEWS

The Kenya shilling was under pressure on the first trading day of the month, on the backdrop of swelling appetite for the greenback. Dogged but gradual dollar appetite from corporates and interbank players was more than sufficient to trample on the fickle foreign currency inflows compelling the local unit to close on the back foot against the dollar. With demand for the buck presently lurking, we see the shilling enduring its bearish run in the near term. By close of trade, the local unit stood at 107.80/108.00 as compared to Thursday's close of 107.60/80.

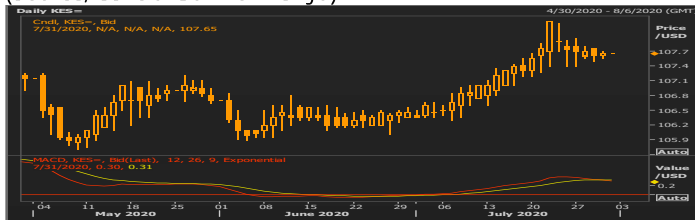
In other news, The public has until August 11 to give their views on a proposed regulation that will empower the Central Bank of Kenya (CBK) to oversee the operations of digital financial service providers. In a public notice, the National Assembly has asked interested individuals to email views to the clerk. The Central Bank of Kenya (Amendment) Bill, 2020, seeks to curb the steep digital lending rates. The proposal was first introduced in parliament in October last year. If approved, digital lenders will require approval from the central bank to increase lending rates or launch new products. The proposed law seeks to expand the role of the central bank to license and regulate the micro-lenders, as well as prescribes capital requirements and is due for publishing by the end of the year.

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	3.010%	2.297%	0.713
91-Day T-bill	6.121%	6.112%	0.009
182-Day T-Bill	6.455%	6.440%	0.015
364-Day T-Bill	7.391%	7.370%	0.021
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 rose on Monday to 90.54, looking to get the new month off on a solid footing. The dollar's positive start to the week was helped by better-than-expected manufacturing data that was released. Meanwhile, Top Democrats in Congress and White House negotiators on Monday said they had made headway in talks on the latest coronavirus relief bill, though an expired \$600-per-week unemployment benefit remains a sticking point.

The GBP/USD pair inched up to \$1.3075 on Monday with the UK government confirming a £900m funding boost for more than 300 'shovel-ready' projects in England in an effort to speed up construction of homes and infrastructure. In addition, citing anonymous diplomatic sources, the European Union (EU) is willing to compromise to rescue troubled Brexit talks by softening its demand that Britain heeds EU rules on state aid in the future.

The euro retraced to \$1.1755 on Monday as weak data from the Eurozone clipped the recent euro's momentum which was aggravated by the European recovery fund.

The Japanese yen remains on the front-foot around 106.15 as markets in Tokyo open for Tuesday's trading. The yen pair recently shrugged off the July month Tokyo Consumer Price Index (CPI) data.

Elsewhere, global oil prices fell on Tuesday to \$43.88 per barrel on concerns about fuel demand growth as a fresh wave of COVID-19 infections around the world sparks tighter lockdowns just as major producer's ramp up output.

Indicative Profit Rates on Deposits

	Amounts > 10 Million	
	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
GBP/USD	1.2950	1.3130
USD/AED	3.6675	3.6775
USD/JPY	104.05	106.90

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.