



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 4TH NOVEMBER 2020

DOMESTIC NEWS

The shilling was the under-achiever in Tuesday's trading against the U.S dollar, as tenacious greenback appetite from various sectors of the economy hampered the local unit's quest for dominance. A number of corporates players were on scene roiling the market in search for decent offers on the US dollar. This saw the shilling chase the elusive dollar, to take the USDKES currency pair higher. That said, the current trading ranges continue to be mainly flow driven with fundamentals taking a back seat in the interim as markets keenly follow the U.S. presidential elections trickling in. By close of day, the local unit stood at 108.75/108.95 as compared to Monday's close of 108.70/108.90.

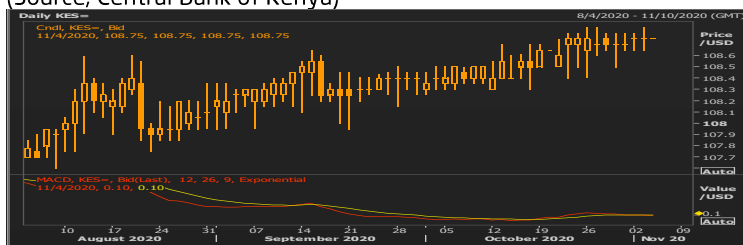
In other news, provisional data on balance of payments shows that the current account deficit narrowed to 5.0 percent of GDP in the 12 months to September 2020 compared to 5.4 percent of GDP during a similar period in 2019. This reflected lower oil imports and strong performance of exports, particularly tea, as well as resilient remittances. Meanwhile, the usable foreign exchange reserves remained adequate at USD 8,121 million (4.93 months of import cover) as at end of October. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.35	112.35	106.35	111.35
GBP/KES	137.55	145.55	138.05	145.05
EUR/KES	123.50	130.52	124.00	130.00
AED/KES	28.13	31.13	28.13	31.13

Money Market Rates	Current	Previous	Change
Interbank Rate	3.298%	3.419%	-0.121
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 dollar clawed back early losses against risk-sensitive currencies on Tuesday at 93.626 after preliminary results suggested President Donald Trump has a slight edge over Democratic challenger Joe Biden in Florida, a key battleground state. That undercut rising expectations in markets this week that Biden will likely win the presidency and adopt a large stimulus to support the economy. A win for Biden is expected to be less confrontational in trade issues with China and other trade partners as compared to Trump and could be a boon for currencies that have suffered from tariffs imposed by the president.

The GBP/USD pair inched down to \$1.3047 on Tuesday, with the U.K. and the European Union continuing Brexit trade talks. With all eyes on the US elections, the investors are overlooking the lack of news from the Brexit negotiations, as well as the one-month lockdown announced by the UK Prime Minister, Boris Johnson, in an attempt to curb the increase of coronavirus infections in the UK.

The euro fetched \$1.1695 on Tuesday as it reacted to US President Donald Trump's lead in Florida's voting count. Meanwhile, The European Central Bank has already been pre-committing to act in December and is not ruling out using all available instruments to help the economy from the pandemic.

The Japanese yen edged up to 104.59 on Wednesday with Japanese markets re-opening after a holiday.

Elsewhere, global oil prices jumped on Wednesday to \$38.67 per barrel after industry data showed crude inventories in the United States dropped sharply.

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	1.1510	1.1740
GBP/USD	1.2810	1.3195
USD/AED	3.6675	3.6775
USD/JPY	103.50	106.70

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