



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

## TREASURY MARKET UPDATE 5<sup>TH</sup> NOVEMBER 2020

### DOMESTIC NEWS

The local unit traded water on Wednesday, in another low-key trading session where demand and supply counters remained balanced. The session saw recent dollar demand from importers ease, allowing the USD/KES currency pair to remain unchanged by close of business. In the new day, further depreciation of the home unit seems plausible as the local market continues to witness steadily growing foreign currency demand. By close of day, the local unit stood at 108.75/108.95 same as Tuesday's close.

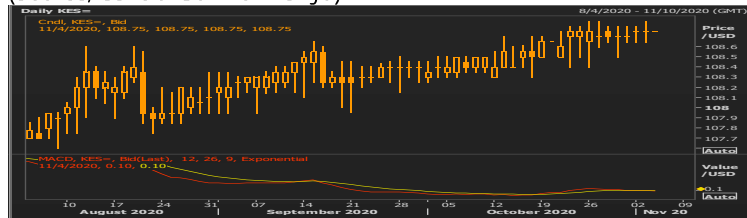
In other news, the next meeting of the Monetary Policy Committee (MPC) will be held on Thursday, November 26, 2020. At its last meeting in September the MPC retained its benchmark lending rate at 7 percent, saying that the policy measures implemented since March to combat the effects of COVID-19 in the economy were having the intended effects. In terms of future policy moves, the MPC noted that it "stands ready to take additional measures as necessary". Consequently, the Bank's tone suggests that a return to monetary policy easing in the remainder of the year will strongly depend on the effect of the policy measures adopted so far, and on developments in the domestic and global economies. In the meantime, the monetary authority was in the market to mop KES 20 Billion at a weighted average rate of 6.441% in the 7-day and 6.809% in the 14-day term auction deposit.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.40	112.40	106.40	111.40
GBP/KES	137.15	145.15	137.65	144.65
EUR/KES	124.40	131.40	124.85	130.85
AED/KES	28.15	31.15	28.15	31.15

Money Market Rates	Current	Previous	Change
Interbank Rate	3.368%	3.298%	0.070
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 advanced on Wednesday to 93.490 avoiding big moves as markets await the outcome of a nail-biting U.S. presidential election. Democrat candidate Joe Biden has 264 of the 270 electoral votes needed to declare victory, compared to incumbent President Donald Trump's 214. Even if Biden were to overcome the challenge posed by Trump and become the next president, the failure to achieve a Democrat sweep of the Senate and House of Representatives could hamper his fiscal agenda for big stimulus packages to aid the COVID-19-hit economy and pose an additional challenge to investors. Expectations that a Biden win will take a slightly softer tone on trade policy is likely to weaken the dollar against the currencies of countries that often faced the threat of tariffs during Trump's administration.

The GBP/USD pair slumped to \$1.2948 on Wednesday over news that the Bank of England, due to announce its monetary policy later in the day, is considering negative interest rates.

The euro changed hands at \$1.1730 on Wednesday owing to the US elections that left Congress deeply split. Investors quickly reassessed the implications and concluded that the divided Congress could mean across-the-aisle cooperation and less regulation and taxes, leading to risk reset in financial markets.

The Japanese yen takes offers around 104.25 during the initial hour of Tokyo open on Thursday, weighed down by mixed risk catalysts emanating from the US election updates.

Elsewhere, global oil prices dipped on Thursday to \$38.63 per barrel as U.S. presidential contender Joe Biden begins to look likely to win the U.S. presidency.

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	1.1610	1.1860
GBP/USD	1.2820	1.3190
USD/AED	3.6675	3.6775
USD/JPY	103.40	106.80

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