



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 6TH NOVEMBER 2020

DOMESTIC NEWS

Thursday's session in the local FX market saw the local currency continue trailing on the back foot, as dollar demand outweighed supply, and as a consequence the home unit closed the day marginally lower. Persistent dollar demand from key sectors of the economy in the last few weeks have outweighed the scarce supply, which continue to weigh on the shilling. Interbank trading activity remained muted as traders matched their flows with the available liquidity. We expect the USD/KES currency pair to continue with its range bound theme, albeit with a slightly bullish tinge in favor of the U.S dollar in the near term. By close of day, the local unit stood at 108.80/109.00 as compared to Wednesday's close of 108.75/108.95.

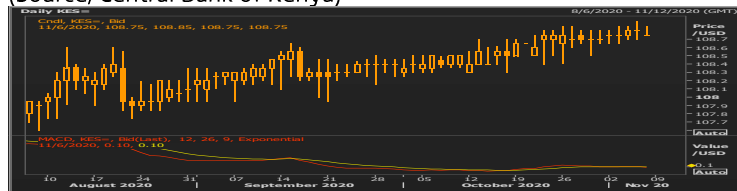
In other news, Kenya's private sector performance was at a record high in October as business peaked on eased Covid-19 containment measures, the latest survey shows. The Performing Managers Index (PMI) hit 59.1 points; the highest since the survey began in January 2014. Readings above 50 points signal an improvement in business conditions on the previous month, while readings below 50.0 show deterioration. Companies cited greater money circulation and the re-opening of schools and businesses as lockdown restrictions continued to ease. New business increased during the month under review making it the fourth successive month of expansion. Demand pressures remained strong in October.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.40	112.40	106.40	111.40
GBP/KES	138.95	146.95	139.50	146.50
EUR/KES	125.25	132.25	125.75	131.75
AED/KES	28.15	31.15	28.15	31.15

Money Market Rates	Current	Previous	Change
Interbank Rate	3.296%	3.368%	-0.072
91-Day T-bill	6.666%	6.653%	0.013
182-Day T-Bill	7.072%	7.038%	0.034
364-Day T-Bill	7.994%	7.933%	0.061
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 steadied against many currencies on Thursday at 92.668 but traders say more losses are likely as a contentious U.S. presidential election diminished hopes for large stimulus to support the economy any time soon. Investors are betting that Democrat Joe Biden will become the next president, but Republicans will retain control of the Senate, which will make it difficult for the Democrats to pass the larger fiscal spending they have been pushing. Biden maintains an edge over President Donald Trump, but a few important states are still counting votes and Trump is mounting legal challenges to vote counts, so there is still a high degree of uncertainty.

The GBP/USD pair consolidated gains at \$1.3157 on Thursday as The Bank of England kept the benchmark interest rate unchanged at 0.10%. Though, what gained the market's attention was Governor Bailey's bullish comments that rejected fears of the double-dip recession.

The euro jumped to \$1.1824 on Thursday as new lockdowns went into effect in Europe. The European Union's executive commission also cut its economic forecast and predicted the bloc will not see a rebound to pre-virus levels until 2023.

The Japanese yen stays pressured at 103.50 amid Friday's Tokyo open. Japanese Prime Minister Yoshihide Suga has vowed to work closely with overseas authorities to keep currency moves stable, because a strong yen is widely viewed as a threat to the economy.

Elsewhere, global oil prices down on Friday to \$37.86 per barrel after new lockdowns came in effect in Europe to curb the incessantly rising number of COVID-19.

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	1.1705	1.1920
GBP/USD	1.3030	1.3280
USD/AED	3.6675	3.6775
USD/JPY	102.10	105.70

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