



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

## TREASURY MARKET UPDATE 6TH OCTOBER 2020

### DOMESTIC NEWS

The shilling resumed its descent against the greenback in Monday's trading session. Early morning trading saw the USD/KES pair marginally higher amid increased importer demand for the U.S dollar, while foreign currency inflows remained on the dip, leaving the local unit slightly weaker than previous close by end of day. The home unit's movement today is likely to remain flow-based, as demand and supply forces battle for supremacy in the local FX market. By close of day, the local unit stood at 108.45/108.65 as compared to Friday's close of 108.40/108.60.

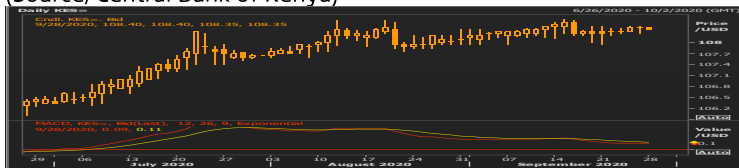
In other news, Kenya's private sector performance almost touched a 30-month high in September, exhibiting unexpected resilience despite the effects of Covid-19. The Performing Managers Index (PMI) hit 56.3 points, the highest reading since April 2018, indicating a sharp improvement in the performance of private sector in monthly data released. The index rose from 53 in August and marked the third successive expansion since the downturn caused by the COVID-19 outbreak. Readings above 50 points signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration. The easing of lockdown restrictions during the third quarter of the year saw firms release pent-up demand as clients largely returned to markets. Despite plans to raise investment and open into new markets, firms were concerned that the economy could face a further setback from the pandemic.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.05	112.05	106.05	111.05
GBP/KES	137.00	144.00	137.50	144.50
EUR/KES	124.45	131.45	124.95	130.95
AED/KES	28.05	31.05	28.05	31.05

Money Market Rates	Current	Previous	Change
Interbank Rate	2.778%	3.278%	0.500
91-Day T-bill	6.400%	6.309%	0.091
182-Day T-Bill	6.839%	6.773%	0.066
364-Day T-Bill	7.744%	7.690%	0.054
Inflation	4.200%	4.360%	-0.160
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was down on Monday to 93.468 over rising hopes that the U.S. Congress will reach an agreement over the latest stimulus measures to ease the economic impact of COVID-19. House of Representatives Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin spoke with topics discussed including the measures. White House Chief of Staff Mark Meadows was also positive, saying that the potential for an agreement between the Republicans and Democrats on more economic relief measures is still there. Meanwhile, investors await remarks from Federal Reserve Chairman Jerome Powell later today.

The GBP/USD pair inched up to \$1.2986 on Monday, despite continuing concerns about a no-deal Brexit as informal negotiations between the U.K. and the European Union continue.

The euro gained altitude on Monday to \$1.1789 despite the widening of the US-German 10-year bond yield spread in the USD-positive manner. The situation, however, may change if the US-German yield spread continues to rise. That could happen as pressure on the European Central Bank to provide more easing is mounting with the declining inflation trend. The cost of living in the common currency area recently fell into negative territory.

The Japanese yen eased to 105.70 during Tuesday's Asian session. It should be noted that the recent chatter over the US and Japan's trade relations seem to have impressed the market.

Elsewhere, global oil prices edged higher to \$41.37 per barrel on Tuesday after U.S. President Donald Trump returned to the White House from hospital after being admitted for treatment for COVID-19, while another storm brewed in the U.S. Gulf of Mexico.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	USD	KES
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	1.1650	1.1840
GBP/USD	1.2810	1.3080
USD/AED	3.6675	3.6775
USD/JPY	104.30	107.60

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