



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 7TH JULY 2020

DOMESTIC NEWS

Steady and gradual dollar demand in the local currency market, amid a decline in foreign currency inflows, depressed the shilling marginally against the buck. Key counters were muted in early trading, with the pair holding around previous day's closing levels. A slight uptick in foreign currency appetite, later in the day however saw the local unit shed some cents off the USDKES currency pair. We see the home unit trading within these ranges, albeit with a bearish shade as foreign currency demand from the various sectors continues to manifest. By close of trade, the local unit stood at 106.60/80 as compared to Friday's close of 106.50/70.

In other news, Kenya's economic growth will not go below 2.5 per cent, National Treasury CS Ukur Yatani has said, even as the Covid-19 pandemic continues to ravage various sectors. He had in April warned that growth could possibly slump to 1.8 per cent if the effects of the virus on the economy persist. Initial forecast, pre Covid-19 was placed at between 6.2 and 7.0 percent. Yatani said the agricultural sector is well on course for a good harvest, boosted by adequate rainfall. The CS has expressed confidence that the country's diversified economy will weather the impact of Covid-19. In addition he said yesterday the government is keen to cushion the economy by among others moves, increasing liquidity and supporting businesses. In the meantime, the monetary authority was in the money market in a bid to mop KES 15 billion in 7 and 14-day term auction deposits at a weighted average rate of 3.272% and 4.062% respectively.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.10	110.10	104.10	109.10
GBP/KES	129.20	137.20	129.70	136.70
EUR/KES	116.85	123.85	117.35	123.35
AED/KES	27.52	30.52	27.52	30.52

Money Market Rates	Current	Previous	Change
Interbank Rate	1.990%	2.191%	-0.200
91-Day T-bill	6.546%	6.700%	-0.154
182-Day T-Bill	7.048%	7.395%	-0.347
364-Day T-Bill	7.769%	8.194%	-0.425
Inflation	4.590%	5.330%	-0.740
CBR RATE	7.000%	7.000%	0.000

(Source: Central Bank of Kenya)

INTERNATIONAL NEWS

The U.S. dollar index fell sharply on Monday to 96.690 as better-than-expected U.S. services data strengthened investor expectations for speedier economic recovery, but some on Wall Street expect the greenback to regain its footing. The Institute for Supply Management's non-manufacturing purchasing managers' index (PMI) jumped to 57.1 in June from 45.4 in May. The quicker-than-expected pace of recovery in the U.S. service sector lifted hopes the economy will continue on the path of recovery despite the recent rise in Covid-19 cases nationwide.

The GBP/USD pair was flat at \$1.2494 on Monday as traders continue to fret over the outcome of EU and UK trade post-Brexit trade talks which will continue in London this week.

The euro rose to \$1.1313 on Monday as Germany, the economic powerhouse of the EU, reported that factory orders rebounded 10.4% in May, as the country reopened from lockdown.

The Japanese yen is currently trading at 107.35. The Bank of Japan's report is expected to warn that risks to the outlook are extremely high, including the second wave of infections that could delay any recovery in global and Japanese growth.

Elsewhere, global oil prices fell on Tuesday to 40.46 per barrel, erasing earlier gains, on concerns that the surge in coronavirus cases in the United States, the world's biggest oil user, will limit a recovery in fuel demand. With 16 U.S. states reporting record increases in new COVID-19 case in the first five days of July.

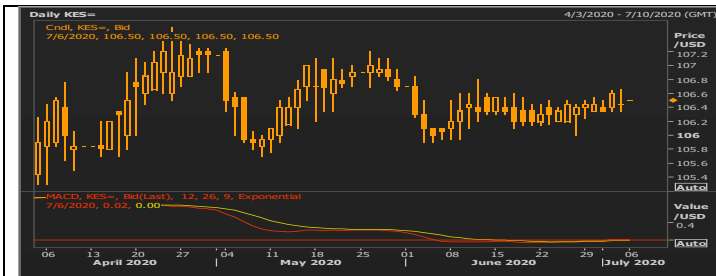
Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.00%	1.25%
1 Month	6.50%	1.50%
3 Months	6.75%	1.75%
6 Months	7.00%	2.00%
1 year	7.25%	2.05%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1220	1.1340
GBP/USD	1.2430	1.2560
USD/AED	3.6675	3.6775
USD/JPY	106.90	108.90

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(Source; Reuters)

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