



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

## TREASURY MARKET UPDATE 8<sup>TH</sup> JULY 2020

### DOMESTIC NEWS

The home currency succumbed to further pressure from its American counterpart for the second consecutive session. Paltry dollar inflows from various sectors were inadequate to topple the foreign currency demand from cagey importers, forcing the USD/KES currency pair further north. We expect the domestic unit to continue trading within a tight range on the back of matching flows on both the demand and supply counters. By close of trade, the local unit stood at 106.75/95 as compared to Monday's close of 106.60/80.

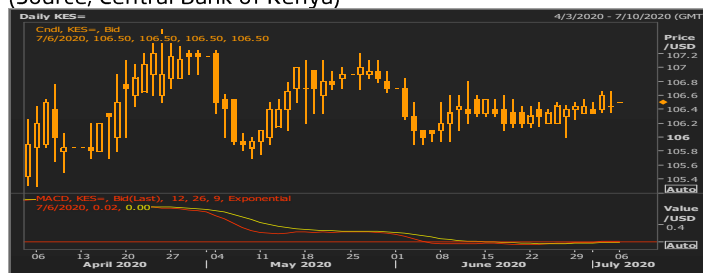
In other news, The Kenyan central bank's Monetary Policy Committee will hold its next rate-setting meeting on July 29, the bank said on Tuesday. At its last meeting in June, the bank left its benchmark lending rate unchanged for the second time in two months at 7.0%. In the meantime, the monetary authority was in the money market in a bid to mop KES 35 billion in 7-day term auction deposits at a weighted average rate of 3.100%.

#### 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	1.794%	1.990%	-0.196
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)



(Source; Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was up on Tuesday to 96.895, with investors turning to the safe-haven asset amid continuously-rising number of COVID-19 cases. Investor sentiment was further dampened over a warning from several U.S. Federal Reserve officials that the rising number of cases could jeopardize economic recovery, with some stimulus programs from central banks due to expire soon.

The GBP/USD pair gained to 1.2557 on Tuesday. The pound was boosted by British Prime Minister Boris Johnson's re-commitment to reaching a trade deal with the European Union. Even so, broad risk aversion wave, as well as the European Union's dislike for the UK policymakers' push, keeps traders on their toes. That said today's key negotiation talks in England and the British Chancellor's speech will be the key to watch for fresh impulse.

The euro eked gains at \$1.1260 on Tuesday ahead of the much-awaited negotiations on the European Union's long-term budget and the recovery package European Council president is expected to present his compromise proposal to capitals later this Wednesday.

The Japanese yen ticks up to 107.65 amid the initial hour of Tokyo trading on Wednesday. Japan's Chief Cabinet Secretary said on Wednesday, the further easing of restrictions on July 10 will proceed as planned. This comes despite the rise in the number of new coronavirus cases in Tokyo.

Elsewhere, global oil prices were down on Wednesday to \$43.02 per barrel as a build in crude inventory in the U.S. compounded fears that the continuously increasing number of COVID-19 cases will curb the economic recovery and demand.

#### Indicative Profit Rates on Deposits

	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

	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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