



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH OCTOBER 2020

DOMESTIC NEWS

The home unit was marginally softer against the greenback amid increased dollar demand from the corporate sector. The local unit was steady in the morning session characterized by thin trading volumes. Later in the day, dollar demand from the corporate sector was seen which outweighed supply, leading the shilling to close marginally weaker against the greenback. In the day ahead, market chatter alludes to range bound trading, as flows will be the key determinant for the direction of the USDKES pair. By close of day, the local unit stood at 108.50/108.70 as compared to Tuesday's close 108.45/65.

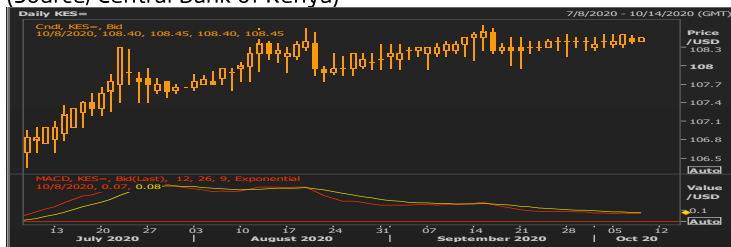
In other news, the global economy is on an unexpected rebound after easing of Covid-19 lockdown measures, forcing the International Monetary Fund (IMF) to review its negative opinion. The global lender did not disclose revised forecast numbers, only saying that developments in the second and third quarters were somewhat better than expected, hence a small upward revision to global forecast for 2020. The IMF's positive opinion is coming days after Kenya's Treasury CS Ukur Yatani said the country's economy was growing faster than expected after easing of lockdown measures in July. IMF on other hand had in June predicted a negative one per cent growth for Kenya, citing Covid-19 economic shocks.

Indicative Forex rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 105.10 | 112.10 | 106.10 | 111.10 |
| GBP/KES | 136.45 | 144.45 | 136.95 | 143.95 |
| EUR/KES | 124.30 | 131.30 | 124.80 | 130.80 |
| AED/KES | 28.07 | 31.07 | 28.07 | 31.07 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 2.336% | 2.543% | -0.207 |
| 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 crept up on Wednesday to 93.683, with revived hopes for some U.S. spending improving sentiment and whetting investor appetite for riskier currencies. After shaking markets by halting the talks between Democrats and Republicans over the latest stimulus measures, U.S. President Donald Trump suggested that he would be open to gradual spending measures. However, doubts remain that any measures will be passed before the Nov. 3 presidential elections, now just weeks away, despite House of Representatives Speaker Nancy Pelosi continuing to advocate a standalone bill for aid to airlines.

The GBP/USD pair inched up to \$1.2925 on Wednesday. The pound was dogged by concerns over the latest informal Brexit talks between the U.K. and the European Union. Bank of England Governor Andrew Bailey will join a panel discussion on the impact of COVID-19 later in the day, where he is expected to cover negative rates or other policy considerations.

The euro looked north at \$1.1774 on Wednesday on renewed hopes for additional US fiscal stimulus. However, rising coronavirus cases across the Eurozone may cap gains.

The Japanese yen stays positive around 106.10 as markets in Tokyo open for Thursday's trading. In doing so, the pair struggles to justify the recent risk-on mood and upbeat data from Japan.

Elsewhere, global oil prices were mixed on Thursday morning at \$42.04 per barrel, with the approach of Hurricane Delta prompting oil works to evacuate rigs in the Gulf of Mexico. But gains were capped by nagging fuel demands as the U.S., continues its struggles to pass its latest stimulus measures.

Indicative Profit Rates on Deposits

| | Amounts > 10 Million | | Amounts >100,000 | |
|----------|----------------------|-------|------------------|-----|
| | KES | USD | 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 | 1.1620 | 1.1840 |
| GBP/USD | 1.2810 | 1.3080 |
| USD/AED | 3.6675 | 3.6775 |
| USD/JPY | 104.30 | 107.60 |

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1354/55, Cell +254 709913354/55. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.