



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH SEPTEMBER 2020

DOMESTIC NEWS

The shilling waffled to the weaker side at the start of the week as demand for the greenback dominated the trading session. The local unit held steady in early trading as activity on both demand and supply counters remained well matched. This changed later in the day after dollar buying momentum picked up slightly, overwhelming the sellers, to leave the home unit on the back foot. Looking ahead, we expect the local currency to remain trapped within the current range, with direction of the USDKES pair remaining mostly flow driven in the near term. By close of day, the local unit at 108.50/108.70 as compared to Friday's close of 108.45/108.65.

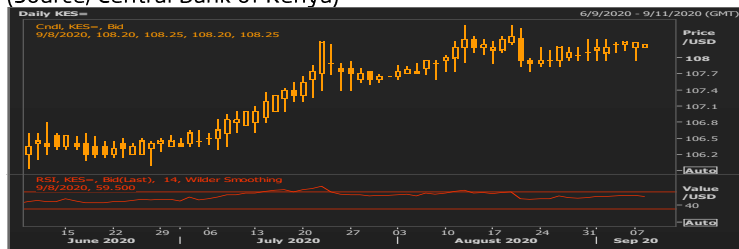
In other news, Kenya's private sector recorded a second straight month of growth in August, with output and new orders steadily rising following relaxed Covid-19 movement restrictions. However, the headline Purchasing Managers Index dropped slightly to 53 compared to 54.2 reported in July. Companies increased their purchasing activity solidly midway through the third quarter, amid efforts to build up stocks as firms anticipate demand will grow further in the coming months. In the meantime, the monetary authority mopped up KES 10 Billion in excess liquidity at a weighted average rate of 3.211% in the 7-day term auction deposit.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.90	111.90	105.90	110.90
GBP/KES	138.35	146.35	138.85	145.85
EUR/KES	124.50	131.50	124.95	130.95
AED/KES	28.01	31.01	28.01	31.01

Money Market Rates	Current	Previous	Change
Interbank Rate	2.665%	2.762%	-0.097
91-Day T-bill	6.295%	6.273%	0.022
182-Day T-Bill	6.627%	6.625%	0.002
364-Day T-Bill	7.554%	7.507%	0.047
Inflation	4.360%	4.360%	0.000
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index steadied to 93.242 in holiday-thinned trade on Monday after U.S. jobs data showed job growth slowed further in August. Broader sentiment on the dollar remains weak after Federal Reserve Chair Jerome Powell reiterated that the central bank plans to keep U.S. rates lower for longer. Meanwhile, U.S.-China tensions continued to simmer after U.S. President Donald Trump told a White House news conference that he intends to curb the economic relationship between the two countries.

The GBP/USD pair edged down to \$1.3146 on Monday. U.K. Prime Minister Boris Johnson is reportedly contemplating legislation to override the country's Brexit withdrawal agreement with the European Union (EU). The news triggered an EU warning that there would be no deal if the U.K. went ahead with the move, increasing the prospects of a hard Brexit yet again. Fresh talks between the U.K and the EU will be held later in the day.

The euro stood to \$1.1834 on Monday. The focus this week will be on European Central Bank's policy decision on Thursday. Most analysts don't expect a change in policy stance but are focusing on the message the ECB will deliver on its inflation forecasts.

The Japanese yen pair inched up to 106.28 on Tuesday. Yoshihide Suga, the frontrunner to succeed incumbent Shinzo Abe as prime minister in leadership elections scheduled for the following week, hinted at snap elections.

Elsewhere, global oil prices fell on Tuesday to \$41.93 per barrel amid concerns that a possible rise in COVID-19 cases following the U.S. Labor Day long weekend, which also marks the end of the peak U.S. driving season, could squeeze demand for fuel.

Indicative Profit Rates on Deposits

	Amounts > 10 Million	
	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	1.1750	1.1910
GBP/USD	1.3090	1.3270
USD/AED	3.6675	3.6775
USD/JPY	105.00	107.60

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