



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

## TREASURY MARKET UPDATE 9TH DECEMBER 2020

### DOMESTIC NEWS

The home unit succumbed to further losses versus the greenback in Tuesday's active session. Augmented dollar demand from energy and manufacturing sectors dominated counters through the day amidst dwindling inflows, leaving the USDKES pair's price action skewed to the upside in what was a one way move. Looking ahead, it remains to be seen whether the depreciation of the home unit will continue, and new trading ranges set. The direction of the USDKES pair remains at the mercy of the larger market sentiment. By close of day, the local unit stood at 111.30/111.50 as compared to Monday's close of 111.25/111.45.

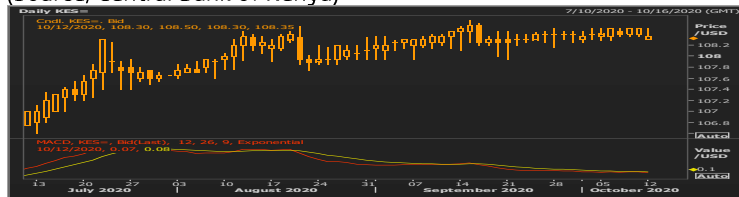
In other news, Kenya's private sector activity recorded a sharp decline in November after a steady rise in the six months prior, as businesses reported weak growth in sales and productivity. The slowdown is largely attributed to the resurgence of Covid19 cases. The Purchasing Managers Index (PMI) fell steeply to 51.3 in November from a peak of 59.1 in October. Businesses in Kenya reported modest improvement in activities in November, the slowest growth reported in five months. According to the survey, Kenyan companies reported a weak increase in productivity and sales due to economic challenges caused by the pandemic. The reintroduction of some covid19 restrictions in Kenya and fresh lockdown measures across Europe hampered growth efforts for some businesses in Kenya.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.95	116.95	108.95	117.95
GBP/KES	145.05	155.05	145.60	156.60
EUR/KES	131.65	140.65	132.15	142.15
AED/KES	28.90	33.90	28.90	35.90

Money Market Rates	Current	Previous	Change
Interbank Rate	4.144%	4.085%	0.059
91-Day T-bill	6.730%	6.706%	0.024
182-Day T-Bill	7.193%	7.152%	0.041
364-Day T-Bill	8.151%	8.094%	0.057
Inflation	5.460%	4.840%	0.620
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 Tuesday to 90.898, with investors taking stock of the risks ahead like the U.S. Congress' debate over the latest COVID-19 stimulus measures. In addition, all eyes are on Treasury Secretary Steven Mnuchin after his statement that he had spoken to House of Representatives Speaker Nancy Pelosi about a \$916 billion offer for a COVID-19 relief bill.

The GBP/USD pair inched up to \$1.3367 on Tuesday. The pound whipsawed before steadying above recent lows earlier, with Brexit talks currently deadlocked. It remains to be seen whether a dinner between British Prime Minister Boris Johnson and European Commission President Ursula von der Leyen in Brussels will achieve what negotiators could not. Should the dinner fail, the U.K. faces a chaotic split from the EU should a deal not be reached before the end-of-year deadline.

The euro kept cautious \$1.12130 on Tuesday. The focus is on the European Central Bank (ECB) due to hand down their last policy decisions for 2020 on Thursday. For the ECB in particular, market players are looking to see what the central bank will do or say about the euro, which has already gained 8% in 2020.

The Japanese Yen remains subdued just to the north of the 104.00 level on Wednesday, with a further drop in US real and nominal yields helping keep the pair supported.

Elsewhere, global oil prices edged lower on Wednesday to \$48.71 per barrel on concerns over an unexpected jump in U.S. oil inventories, but positive news on COVID-19 vaccines lifted investors' hopes for a recovery in fuel demand, capping losses.

### 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	1.1930	1.2290
GBP/USD	1.3270	1.3595
USD/AED	3.6675	3.6775
USD/JPY	103.20	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.