



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

## TREASURY MARKET UPDATE 9<sup>TH</sup> NOVEMBER 2020

### DOMESTIC NEWS

The shilling waffled to the weaker side at the end 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 stood at 108.85/109.05 as compared to Thursday's close of 108.80/109.00.

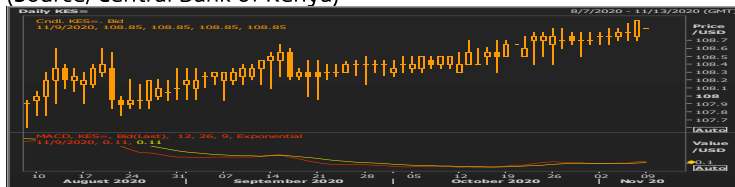
In other news, the usable foreign exchange reserves remained adequate at USD 8,128 million (4.93 months of import cover) as of November 5. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover. Meanwhile, the Treasury bills auction received bids totaling KSh 27.8 billion against an advertised amount of KSh 24.0 billion, representing a performance of 115.9 percent. Interest rates on all the Treasury bills tenors remained stable, only rising marginally. Elsewhere, the monetary authority was in the market for the 7-day and 14-day term auction deposit in a bid to mop KES 15 billion at a weighted average rate of 6.446% and 6.588% respectively.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.45	112.45	106.45	111.45
GBP/KES	139.60	147.60	140.10	147.10
EUR/KES	126.05	133.05	125.55	132.55
AED/KES	28.16	31.16	28.16	31.16

Money Market Rates	Current	Previous	Change
Interbank Rate	3.336%	3.296%	0.040
91-Day T-bill	6.666%	6.653%	0.013
182-Day T-Bill	7.072%	7.038%	0.034
364-Day T-Bill	7.994%	7.933%	0.061
Inflation	4.840%	4.200%	0.640
CBR RATE	7.000%	7.000%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index dipped on Friday to 92.168 as Joe Biden was on the verge of winning the U.S. election. On Sunday, Biden was declared the winner. However, Trump refused to concede and vowed to continue legal action to contest the result as he had spent months trying to undermine the election results with unproven allegations of fraud. Currency markets had largely reacted to Biden's victory on Friday as Donald Trump is the first incumbent to lose a re-election bid in 28 years. Markets anticipate a more generous COVID-19 fiscal relief package in consequence, and a softer central bank approach, leading to a weaker dollar. The president-elect and his team are reportedly working on a COVID-19 relief package to help tackle the raging coronavirus pandemic.

The GBP/USD pair edged up to 1.3182 on Friday. Bank of England Governor Andrew Bailey and chief economist Andy Haldane are due to speak later in the day, with the focus squarely on negative rates.

The euro rose to \$1.1890 on Friday propelled by investors buy risk and offer the safe-haven US dollar on expectations of more monetary stimulus and less confrontational policies under Democrat Biden's leadership.

The Japanese yen reached a low of 103.18 in the Asian session, mainly driven by broad-based US dollar weakness, as markets absorbed news of the Biden in the presidential election.

Elsewhere, global oil prices gained on Monday to \$40.27 per barrel after Joe Biden clinched the U.S. presidency and buoyed risk appetite, offsetting worries about impact on fuel demand from the worsening coronavirus pandemic.

### 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	6.25%	1.50%
3 Months	6.50%	1.75%
6 Months	6.75%	2.00%
1 year	7.00%	2.05%

### Indicative Cross Rates

	Indicative Cross Rates	
	Bid	Offer
EUR/USD	1.1750	1.1940
GBP/USD	1.3130	1.3380
USD/AED	3.6675	3.6775
USD/JPY	103.30	105.80

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