



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

## TREASURY MARKET UPDATE 9TH OCTOBER 2020

### DOMESTIC NEWS

The Kenyan shilling was range bound against the greenback on Wednesday as market activity remained subdued. The demand and supply counters were well matched leading the shilling to be confined within the recently established ranges. Market trading volumes remained thin as traders looked to cover for the necessary flows. The movement in the local currency is likely to remain flow based as foreign currency buyers and sellers battle for dominance in the local forex market. By close of day, the local unit stood at 108.50/108.70 same as Wednesday's close.

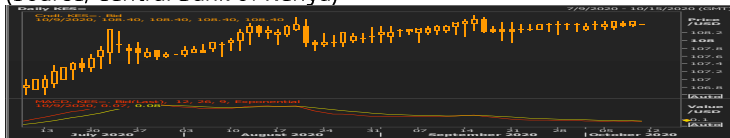
In other news, budget experts have advised the government that it has to find ways to reduce Kenya's debt repayment burden by restructuring some of its debt. This is in the wake of a growing debt as the government moves to bridge the budget deficit due to falling revenues, worsened by the Covid-19 pandemic. The composition of Kenya's debt has significantly changed through increased borrowing from external commercial sources such as Eurobonds and, more recently, from taking on syndicated loans from commercial banks. At the same time, the share of borrowing from multilateral lenders, which is institutions that provide financial assistance through loans or grants to support economic and social development - such as the World Bank and the African Development Bank has reduced significantly. Currently, the country's debt stands at Sh6.694 trillion - Central Bank of Kenya data-where external debt amounts to Sh3.515 trillion while domestic is Sh3.175 trillion.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.10	112.10	106.10	111.10
GBP/KES	136.70	144.70	137.20	144.20
EUR/KES	124.40	131.40	124.90	130.90
AED/KES	28.07	31.07	28.07	31.07

Money Market Rates	Current	Previous	Change
Interbank Rate	2.077%	2.336%	-0.259
91-Day T-bill	6.468%	6.400%	0.068
182-Day T-Bill	6.853%	6.839%	0.014
364-Day T-Bill	7.762%	7.744%	0.018
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 plummeted on Thursday to 93.502, drifting towards a second consecutive weekly loss over higher commodity prices and rekindled expectations that the U.S. Congress will pass the latest stimulus measures. House of Representative Speaker Nancy Pelosi and Treasury Secretary Steven Mnuchin resumed talks to discuss the measures, defying President Donald Trump's ban announced earlier in the week. Meanwhile, Trump continues to receive treatment for COVID-19 and is refusing to take part in the next presidential debate scheduled for the following week, Democrat candidate Joe Biden is ahead of Trump in polls and looks increasing likely to win the Nov. 3 election.

The GBP/USD pair edged up to \$1.2954 on Thursday, holding firm throughout the week as investors continue to monitor the progress towards a Brexit divorce deal between the U.K. and the European Union.

The euro changed hands at \$1.1780 on Thursday. On the European Central Bank front, the publication of the central bank's Accounts showed the recent appreciation of the exchange rate did not pass unnoticed among members of the Governing Council.

The Japanese yen slipped to 105.91 on Friday. In doing so, the yen pair part ways from the previous two day's upside momentum even as the risk-tone remains positive, mainly due to the hopes of the American stimulus.

Elsewhere, global oil prices were down on Friday to \$43.25 per barrel, ending the week with a breather as a strike in a major producer Norway threatens to slash the country's supply by up to 25%.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts >100,000	
	KES	USD	USD	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	1.1630	1.1850
GBP/USD	1.2805	1.3090
USD/AED	3.6675	3.6775
USD/JPY	104.20	107.70

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.