



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 9TH SEPTEMBER 2020

DOMESTIC NEWS

The Kenyan shilling gained ground on Tuesday, helped by inflows from agricultural exports and subdued dollar demand from merchandise importers. Inflows from diaspora remittances amid low importer dollar demand offered support to the local currency. In today's session, it is expected that the USD/KES pair will continue trading within the recently established ranges as demand and supply forces continue to battle out. By close of day, the local unit at 108.45/108.65 as compared to Monday's close of 108.50/108.70.

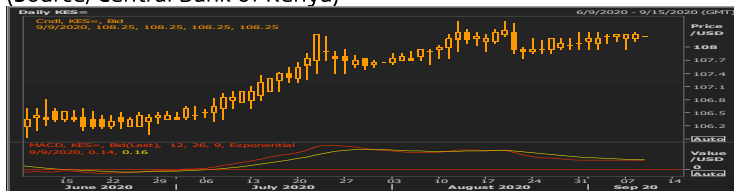
In other news, Kenyans living abroad sent home \$276.9 million (Sh30.03 billion) in July, a drop from \$288.5 million (about Sh31.28 billion) sent in June, reflecting uncertainty in the global economic outlook in wake of Covid-19. The drop is mainly recorded on inflows from North America and the rest of the World, the latest Central Bank of Kenya data shows, save for Kenyans in Europe who increased their share. This means in total, Kenyans sent home Sh11.6 million less in July compared to June. Kenyans in the US remain the leading batch in sending money home, with remittances playing a key role in cushioning the economy, mainly helping narrow the country's current account deficit currently at 4.7 per cent of GDP (12 months to July 2020), compared to 5.0 per cent in the 12 months to June. In the meantime, the monetary authority mopped up KES 5 Billion in excess liquidity at a weighted average rate of 2.858% in the 7-day term auction deposit.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.95	111.95	105.95	110.95
GBP/KES	136.65	144.65	137.15	144.15
EUR/KES	124.30	131.30	124.80	130.80
AED/KES	28.03	31.03	28.03	31.03

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 held its gains on Tuesday at 93.502 as a stock market slide spilled over. Treasury yields extended declines as investor sought the safety of holding government debt. The U.S. Federal Reserve's next meeting ends on Sept. 16, which could have a big impact on stock markets because many analysts say excess liquidity created by the Fed has contributed to rising equity prices this year.

The GBP/USD pair dipped to \$1.2957 on Tuesday on the back of turbulent Brexit negotiations between the U.K. and the European Union. Market players are waiting for the U.K.'s blueprint laying out the terms life post-Brexit, expected later in the day. But fears over an amicable divorce between the two have mounted as the blueprint involves publishing a legislation that reportedly breaks international law "in a limited way", potentially souring talks and increasing the likelihood of a no-deal Brexit.

The euro slumped to \$1.1790 on Tuesday as traders look ahead to the European Central Bank's policy meeting later this week amid growing expectations of a dovish message. Still, markets are looking to Europe's apex bank for a message on inflation forecasts and to determine if the euro had been stronger than thought.

The Japanese yen picks up the bids near 105.95 amid the initial hour of Wednesday's Tokyo open. A strong economy is necessary to continue with the fiscal reforms, Japanese Chief Secretary, and front-runner for the country's leadership race Yoshihide Suga said.

Elsewhere, global oil prices dropped further on Wednesday to \$39.51 per barrel as COVID-19 cases resurge in several countries. COVID-19 cases continue to rise in India, U.K., Spain, and the U.S.

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

	Bid	Offer
EUR/USD	1.1650	1.1810
GBP/USD	1.2820	1.3170
USD/AED	3.6675	3.6775
USD/JPY	105.05	107.70

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/55, Cell +254 709913351/55. 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.