



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 11TH MAY 2020

DOMESTIC NEWS

The domestic unit strengthened against the greenback on account of easing dollar demand pressure. Market players witnessed subdued activity in the local FX counters, as dollar demand continued to ease the market and absorb any supply, decreasing currency volatility. In the absence of any major market moving factors, the USD/KES pair remains at the mercy of broader market flows to determine its near-term direction. By the closing bell, the local unit stood at 105.90/106.10 as compared to Wednesday's close of 106.00/106.20.

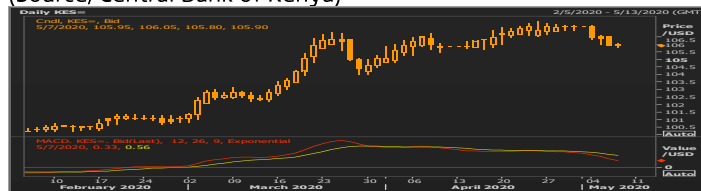
In other news, The International Monetary Fund on Wednesday said its executive board has approved \$739 million in emergency financing to help Kenya respond to the economic shock caused by the novel coronavirus pandemic. The IMF said it was in close contact with Kenyan authorities and stood ready to provide policy advice and further support, as needed. The virus has badly hurt major sectors such as tourism, horticulture and manufacturing. "The impact of COVID-19 on the Kenyan economy will be severe. It will act through both global and domestic channels, and downside risks remain large," the IMF said in a statement. "While the authorities have taken decisive action to respond to the pandemic's health and economic impacts, the sudden shock has left Kenya with significant fiscal and external financing needs."

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	102.50	109.50	103.50	108.50
GBP/KES	127.30	135.30	127.80	134.80
EUR/KES	111.50	118.50	111.90	117.90
AED/KES	27.36	30.36	27.36	30.36

Money Market Rates	Current	Previous	Change
Interbank Rate	4.053%	4.180%	-0.127
91-Day T-bill	7.242%	7.212%	0.030
182-Day T-Bill	8.134%	8.121%	0.013
364-Day T-Bill	9.115%	9.110%	0.005
Inflation	5.620%	5.510%	0.310
CBR RATE	7.000%	7.250%	-0.250

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index edged lower on Thursday to 100.023, in the wake of an onslaught of dire economic data. The dollar was also dealt a blow after short-term bond yields hit a record low. Investors then started to price in the first-ever negative U.S. interest rates. Despite the U.S. Federal Reserve saying that it does not view negative rates as "appropriate", a worsening economic downturn could force the Fed's arm to expand its crisis response. In addition, a report revealed that 3.169 million Americans claimed unemployment last week, with over 31 million Americans losing their jobs since late March and an unemployment rate of 16%.

The GBP/USD pair gained to \$1.2395 on Thursday after the Bank of England (BOE) warned that the lockdown in place in the U.K. would lead to the country's biggest economic slump in over 300 years. BOE also kept the door open for more stimulus in June as it contemplates easing the lockdown next week.

The euro kept heading south against the US dollar on track to a four-day losing streak diving to 1.0873 on Thursday, weighed by market concerns about the ECB QE after the ruling of the German high court earlier this week.

The Japanese yen searches for firm direction around 106.30 early Friday morning. On the other hand, risk-tone sentiment turned light after top US-China trade negotiators said they will be on the phone early next week.

Elsewhere, global oil prices rose on Friday to \$29.33 per barrel, as more countries began easing lockdowns set in place to stop the coronavirus spreading, giving hope that demand for fuels will pick up after the economic devastation caused by the pandemic.

Indicative Profit Rates on Deposits

	Amounts > 10 Million	
	KES	USD
2 Weeks	6.50%	1.25%
1 Month	6.75%	1.75%
3 Months	7.00%	2.00%
6 Months	7.50%	2.25%
1 year	8.00%	2.50%

Indicative Cross Rates

	Bid		Offer	
EUR/USD	1.0820		1.0930	
GBP/USD	1.2340		1.2460	
USD/AED	3.6675		3.6775	
USD/JPY	105.30		107.50	

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