



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH MARCH 2020

DOMESTIC NEWS

The home unit gained some traction against the U.S dollar on Thursday nudging the USD/KES currency pair to close lower than the previous day. Trading in the local FX market began with relative calm as matching flows from both the demand and supply counters maintained the previous day's spot. Later in the day however, foreign currency inflows from various sectors of the economy toppled the balance giving the local unit a lift to close stronger. By close of trade, the local unit stood at 102.30/50 as compared to Wednesday's close of 102.40/60.

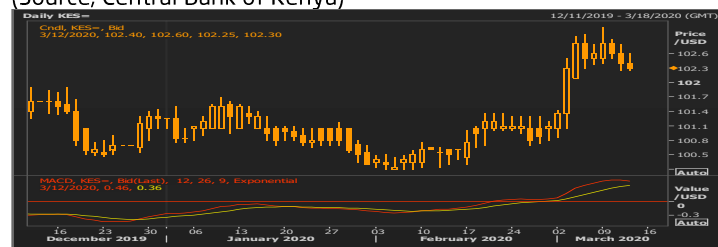
In other news, National Treasury CS Ukur Yatani on Thursday said the ministry had formed a multi-agency team to evaluate the impact of the coronavirus on the country's economy, with plans to roll out a cautionary facility. Yatani said the virus is likely to take a toll on Kenya's projected Gross Domestic Growth, currently estimated at six per cent. On Wednesday, the World Health Organization declared the coronavirus outbreak a global pandemic. He hinted at a possible fiscal budget review to focus funds on primary sectors of the economy. He also expressed fears that the virus will see the shilling shed its value against major currencies, an effect that will push up import cost and eventually the cost of living.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	98.90	105.90	99.90	104.90
GBP/KES	124.45	132.45	124.95	131.95
EUR/KES	111.35	118.35	111.85	117.85
AED/KES	26.38	29.38	26.38	29.38

Money Market Rates	Current	Previous	Change
Interbank Rate	4.885%	4.685%	0.200
91-Day T-bill	7.313%	7.310%	-0.005
182-Day T-Bill	8.104%	8.186%	-0.049
364-Day T-Bill	9.100%	9.312%	-0.188
Inflation	6.370%	5.780%	0.590
CBR RATE	8.250%	8.500%	-0.250

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index slumped on Thursday to 96.160 following the US President's address to the nation in response to the COVID-19 pandemic being termed so by the World Health Organization sending global markets into turmoil including the greenback. In response to increasingly dysfunctional markets, the Federal Reserve moved in and put up a massive liquidity injection to try and bring some calm. Under direction from Fed Chair Jerome Powell and the broader FOMC, The NY Fed stepped in with a US\$1.5 trillion liquidity injection and wider Treasury purchases.

The GBP/USD pair continued to slide hitting \$1.2500 on Thursday before rebounding modestly. With the widespread outbreak of the deadly virus, the UK PM Johnson considered it the worst for a generation while citing fears of the actual numbers being higher than that. The pandemic led to the cancellation of the EU-UK Brexit trade deal talks that were to begin in London from the next week.

The euro dropped to \$1.1215 on Thursday, in the wake of the ECB decision, however the European Central Bank disappointed by not cutting rates and keeping them unchanged at .The ECB rolled out yet another stimulus package to help fight off the coronavirus pandemic.

The Japanese yen is trading at 105.75, spiking in the Friday Tokyo opening hour after Bank of Japan intervened with an unscheduled injection of 200bn yen in liquidity.

Elsewhere, global oil prices fell on Friday to \$32.75 as the horror show for crude investors continued amid panic about evaporating demand from the coronavirus pandemic.

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.50%	1.25%
1 Month	7.00%	1.75%
3 Months	8.00%	2.00%
6 Months	8.25%	2.25%
1 year	9.00%	2.50%
Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1180	1.1250
GBP/USD	1.2500	1.2595
USD/AED	3.6675	3.6775
USD/JPY	105.00	106.10

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