



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH APRIL 2020

DOMESTIC NEWS

The local unit remained under pressure against the greenback. Increased dollar demand from various sectors coupled with paltry inflows from exports due to disruptions, pushed the USDKES pair higher. Volatility in the local FX market remains elevated as the corona-related risks continue to affect the economy. The direction of the USDKES pair remains at the mercy of the larger market sentiment. By close of trade, the local unit stood at 105.70/106.90 as compared to Monday's close of 105.50/106.20.

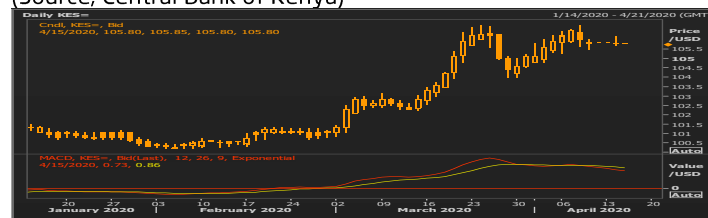
In other news, The Kenyan parliament on Tuesday voted to lower the value-added tax rate to 14% from 16%, part of President Uhuru Kenyatta's attempts to cushion citizens from the impact of the coronavirus crisis. Like other economies in the region, Kenya has limited financial room to effectively respond to the economic challenges caused by the virus, after years of higher government borrowing to build infrastructure drove up deficits. The National Assembly was required to ratify or reject the VAT cut within 21 working days after it was implemented by the Treasury on April 1. It is considering the income tax cuts in a separate amendment to the tax law. In the meantime, the monetary authority was in the market for the 6-day repo in a bid to mop KES 40 billion at a weighted average rate of 6.766%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	102.85	109.85	103.85	108.85
GBP/KES	130.08	138.08	130.58	137.58
EUR/KES	113.20	120.20	113.70	119.70
AED/KES	27.45	30.45	27.45	30.45

Money Market Rates	Current	Previous	Change
Interbank Rate	5.883%	5.323%	0.560
91-Day T-bill	7.220%	7.240%	-0.020
182-Day T-Bill	8.145%	8.118%	0.027
364-Day T-Bill	9.049%	9.045%	0.004
Inflation	6.060%	6.370%	-0.310
CBR RATE	7.250%	8.250%	-1.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index deepened its plunge on Tuesday to 98.88 amid worries that the greenback has climbed too much too fast at a time when safe-haven demand appears to be dwindling as government-imposed lockdown measures are seemingly slowing the pace of infection. The greenback has also been hampered by efforts from the Federal Reserve, which many see as weakening the dollar to support the economic fallout from the coronavirus outbreak. U.S. President Trump said overnight that he aimed to reopen the country by May 1 as daily fatalities fall.

The GBP/USD pair slid to \$1.2607 on Tuesday. The Brexit negotiations between the EU-UK diplomats are likely to entertain traders. The two sides have been stuck on the deadline with the UK recently warning the bloc to change tactics or face serious problems.

The euro slipped on Tuesday to \$1.0994. The pullback may be reversed as the overall market mood has turned somewhat pro-risk this week due to continued improvement in the coronavirus-related numbers, mainly in Europe.

The Japanese yen is currently trading at 107.10 in the Tokyo opening early Wednesday. Bank of Japan(BOJ) Governor Haruhiko Kuroda reiterated that BOJ will ease without hesitation if needed.

Elsewhere, global oil prices were mixed on Wednesday morning as investors were unconvinced that Sunday's OPEC and production cuts could resolve an inevitable supply glut. With demand destruction forecasts ranging from 15 million to 22 million bpd in April 2020 and these measures not even coming into place until May, it is likely of a substantial overhang in the short-term.

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	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	1.0905	1.1130
GBP/USD	1.2590	1.2650
USD/AED	3.6675	3.6775
USD/JPY	106.20	108.40

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. 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.