



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH APRIL 2020

DOMESTIC NEWS

There was no respite for the home unit on Thursday as it weakened further against the U.S. dollar, taking the USDKES pair to weekly highs. The local unit tumbled on the back of increased corporate dollar demand against subdued dollar inflows. As the dollar inflows continue to ebb out amid uptick in activity on the demand counter, we see the local unit remaining under pressure in the short term. By close of trade, the local unit stood at 106.20/107.20 as compared to Wednesday's close of 105.95/106.95.

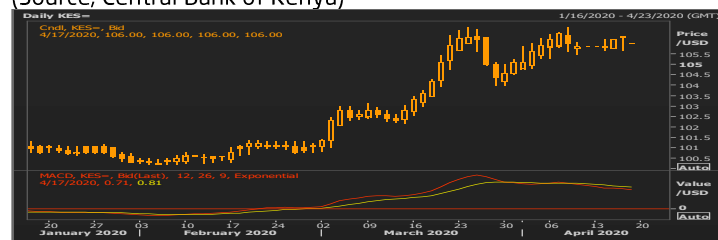
In other news, Kenya's growth is likely to remain flat this year, the latest International Monetary Fund projection shows, as the global economy tumbles south in a possible recession worse than the post-2008 financial crisis. This year's near-zero growth is as a result of the impact of Covid-19 which has disrupted key sectors of the economy, mainly service sector, informal sector and SMEs. Related to the uncertainty around Covid-19, an extended risk-off episode in financial markets and tightening of financial conditions could cause deeper and longer-lasting downturns in a number of countries. In the meantime, the monetary authority was in the market for the 6-day repo in a bid to mop KES 20 billion at a weighted average rate of 7.019%.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.30	110.30	104.30	109.30
GBP/KES	129.55	137.55	130.10	137.10
EUR/KES	112.70	119.70	113.15	119.15
AED/KES	27.58	30.58	27.58	30.58

Money Market Rates	Current	Previous	Change
Interbank Rate	5.898%	5.883%	0.015
91-Day T-bill	7.201%	7.209%	0.008
182-Day T-Bill	8.089%	8.106%	-0.017
364-Day T-Bill	9.091%	9.040%	0.051
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 was in demand on Thursday at 99.820 as illustrations of the severity of the collapse in global economic activity prompted a flight to safety bid. President Donald Trump laid out new guidelines on Thursday for the U.S. states to emerge from a coronavirus shutdown in a staggered, three-stage approach meant to revive the U.S. economy that has punched a huge hole in global demand for crude and refined products even as the country continues to fight the pandemic.

The GBP/USD pair slipped to \$1.2499 on Thursday as U.K. stocks underperformed, the U.K. extended its lockdown measures for another three weeks. While announcing the extension, the deputized leader Dominic Raab also stated, that it can no longer be "business as usual" with China, as the superpower had "questions to answer" over its handling of the coronavirus pandemic.

The euro fell on Thursday to \$1.0850. Growth prospects in the euro region continue to deteriorate, as the impact of the coronavirus on the economy keeps hurting the sentiment and confidence among market participants.

The Japanese yen was stable at 108.08 early Friday, as investors weighed coronavirus headlines and mixed sentiment. Japan extended its state of emergency to nationwide status in response to stubborn increases in new cases across the country.

Elsewhere, global oil prices were up on Friday to \$19.94 as Russia and Saudi Arabia hinted at further production cuts. The two producers said overnight that they were open to further output cuts on top of the almost 10-million-barrel cut agreed upon by OPEC+ earlier in April.

Indicative Profit Rates on Deposits

	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	1.0795	1.1005
GBP/USD	1.2385	1.2510
USD/AED	3.6675	3.6775
USD/JPY	106.90	108.30

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.