



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH MAY 2020

DOMESTIC NEWS

Odds were against the shilling in Friday's trading session, as the home unit slid further against its American counterpart. Augmented dollar demand from energy and manufacturing sectors dominated counters through the day amidst dwindling inflows, leaving the USDKES pair's price action skewed to the upside in what was a one way move. Stepping into the new week, it remains to be seen whether the depreciation of the local unit will continue and new trading ranges set. By the close of trade, the local unit stood at 106.95/107.15 as compared to Thursday's close of 106.80/107.00.

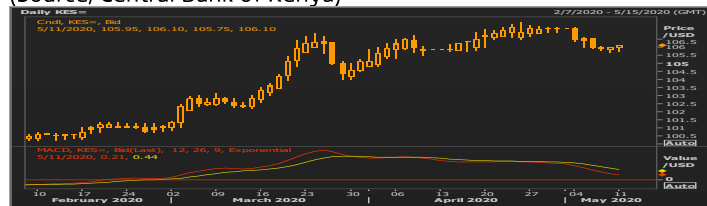
In other news, Kenya will not seek a suspension of debt payments under a G20 initiative aimed at helping countries weather the COVID-19 pandemic, Minister Ukur Yatani said on Friday, saying the terms of the deal were too restrictive coupled with the impact that debt relief might have on Kenya's credit rating. The G20 initiative only covers official bilateral debt, though it calls for the voluntary participation of private lenders on comparable terms. The East African nation is instead engaging creditor countries including Germany, Sweden, Japan, China and France individually with the goal of securing moratoriums on debt service payments lasting around a year. "Kenya is taking a cautious approach of seeking debt relief from bilateral creditors to safeguard its sovereign credit rating," the finance minister said.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	102.70	109.70	103.70	108.70
GBP/KES	126.90	134.90	127.40	134.40
EUR/KES	111.30	118.30	111.80	117.80
AED/KES	27.41	30.41	27.41	30.41

Money Market Rates	Current	Previous	Change
Interbank Rate	4.344%	4.219%	0.125
91-Day T-bill	7.266%	7.253%	0.013
182-Day T-Bill	8.192%	8.151%	0.041
364-Day T-Bill	9.173%	9.161%	0.012
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 dropped on Friday to 100.36, as risk aversion still dominates, amid rising Sino-U.S. tensions. U.S. President Donald Trump ratcheted the U.S.-China tensions as he stated that he was disappointed with China's failure to contain the coronavirus, and it had cast a pall over the trade deal between the two countries. He suggested he could even cut off ties. In the meantime, Federal Reserve Chairman Jerome Powell said a U.S. economic recovery may stretch deep into next year and a full comeback may depend on a coronavirus vaccine.

The GBP/USD pair remained under pressure at \$1.2196 on Friday as the British government reiterated its refusal to extend the Brexit transition deadline beyond December. The stalemate between Britain's and EU's chief negotiators has raised the prospect that there will be no deal struck, a scenario that would damage global trade as the world copes with the economic fallout from the coronavirus pandemic.

The euro closed the week as it started it, a handful of pips above the 1.0800 mark. News showed that German EU parliamentarian Weber said that he favours declaring a twelve-month ban on Chinese investors who want to buy European firms.

The Japanese took bids to 107.25 as the Tokyo market opens for trading after Japan's Q1 GDP release on Monday indicating that Japan might have slipped into recession for the first time since 2015.

Elsewhere, global oil prices climbed by more than \$1 a barrel on Monday to \$33.56 per barrel, supported by output cuts and signs of gradual demand recovery amid easing coronavirus curbs, with U.S. oil showing no signs of last month's contract expiry price rout.

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	1.0750	1.0890
GBP/USD	1.2290	1.2380
USD/AED	3.6675	3.6775
USD/JPY	106.70	107.60

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