



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 19<sup>TH</sup> MAY 2020

### DOMESTIC NEWS

The first trading day of the week saw the USD/KES currency pair move further north, albeit gradually. Swelling corporate demand for the dollar, mostly from the energy and manufacturing sector, coupled with fickle dollar supply endorsed the home currency's slow but consistent move lower against the dollar. In today's session, flows are likely to guide the direction of the Kenya shilling. By the close of trade, the local unit stood at 106.70/106.90 as compared to Friday's close of 106.60/106.80.

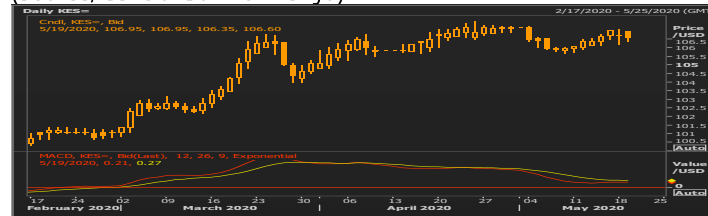
In other news, Kenya's foreign exchange reserve, which has been on a downward trend since March, grew by nine per cent; a week after IMF loaned the country \$739 million. Weekly Central Bank of Kenya data shows that the usable foreign exchange reserves rose to \$8,532 million (Sh853.2 billion) (5.14 months of import cover) as of May 14, compared to \$7,809 (Sh780.9 billion) or 4.7 months of import cover the previous week. Low diaspora remittance, limited activity in Kenya's export market, and a battered tourism sector due to the coronavirus pandemic saw a significant shrink in the country's forex reserve, leading to a fall of the shilling against the dollar. According to the international lender, the loan would allow Kenya to maintain an adequate level of forex reserves and provide budget support to respond to the coronavirus pandemic.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.25	110.25	104.25	109.25
GBP/KES	126.20	134.20	126.70	133.70
EUR/KES	112.95	119.95	113.45	119.45
AED/KES	25.41	31.41	25.91	30.91

Money Market Rates	Current	Previous	Change
Interbank Rate	4.301%	4.344%	-0.043
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 advanced on Monday as it settled at 100.362, as tensions between China and the U.S. continue to simmer. White House trade advisor Peter Navarro added to the bad blood between the U.S. and China when he suggested in an interview that Beijing sent "hundreds of thousands of Chinese on aircraft to Milan, New York and around the world" to spread the virus after hiding it from the world for two months. The Trump administration has been keen to paint China as the bad guys regarding the outbreak and spread of the coronavirus, not least against the backdrop of the November Presidential election, which is now less than six months away.

The GBP/USD pair spiked to fresh daily tops, around the \$1.2200 mark on Monday. It is worth recalling that the latest round of negotiations between the UK and the EU officials ended with no positive outcome on the so-called level playing field.

The euro climbed on Monday to \$1.0908 as German Chancellor Angela Merkel and French President Emmanuel Macron announced their joint proposal for a EUR500 billion European recovery fund. Responding to the French-German EU recovery fund proposal on European Central Bank President Christine Lagarde welcomed the news.

The Japanese yen rose to 107.30 during the initial hour of Tokyo open on Tuesday, as investors wait for Japanese industrial production data for March to be released later in the day.

Elsewhere, global oil prices rose on Tuesday to \$35.66 per barrel, amid signs that producers are cutting output as promised just as demand picks up, stoked by more countries easing out of curbs imposed to counter the coronavirus pandemic.

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.00%	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	1.0850	1.0990
GBP/USD	1.2120	1.2260
USD/AED	3.6675	3.6775
USD/JPY	106.70	108.40

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