



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

## TREASURY MARKET UPDATE 20<sup>TH</sup> APRIL 2020

### DOMESTIC NEWS

The Kenya shilling was the under-achiever in yesterday's trading against the U.S dollar, shedding further units from the previous day's closing owing to an upsurge in foreign currency appetite. The local FX market was in a frenzy from the onset as key greenback buyers emerged from the shadows to compete for the locally available dollars, propelling the home unit lower. We expect the USD/KES pair to trade within familiar ranges as the market keeps an eye open for headlines that are likely to tilt the scale either way. Nonetheless, players remain keen as to whether the pair will power through the next psychological level. By close of trade, the local unit stood at 106.70/107.40 as compared to Thursday's close of 106.20/107.20.

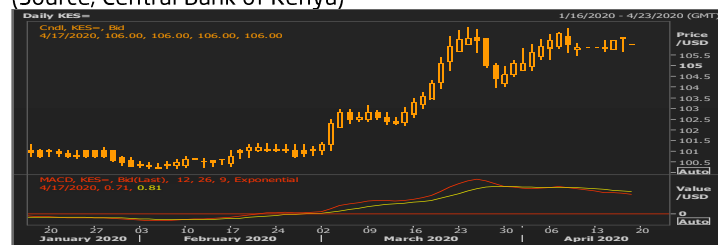
In other news, The Central Bank has announced a Tap Sale for the recently auctioned IFB1/2020/9Yr in a bid to secure KES 21Bn. This equates to the shortfall in funds locked in during the first auction. In addition, for the second week in succession, the T-bill auction was undersubscribed. Investors seem to be shying away from the T-bill space as the current levels do not seem to be attractive. In the meantime, the monetary authority was in the market for the 7-day repo in a bid to mop KES 10 billion at a weighted average rate of 6.500%.

### 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     | 6.002%  | 5.933%   | 0.079  |
| 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 drifted sideways on Friday to 100.17, amid signs of increasing risk appetite as investors looked for the end of the coronavirus outbreak. U.S. President Donald Trump laid out new guidelines for the reopening of the U.S. economy, backing down markedly from claims earlier in the week that he could dictate terms to state governors. The guidelines contained no hard dates for any reopening measures.

The GBP/USD pair dropped to 1.2477 on Friday as a senior British minister said that Britain is not considering lifting its lockdown. Meanwhile, the UK-EU Brexit drama keeps dragging with the latest news suggesting to keep a hold of Britain's £39 billion has also been underlined by the cost of dealing with coronavirus particularly the economic £250 billion rescue package.

The euro bounced on Friday to \$1.0865. The coronavirus outbreak has brought to the fore the deep divides among the member states on fiscal spending. Italy and Spain have accused northern nations - led by Germany and the Netherlands - of not doing enough.

The Japanese yen took bids to 107.80 early Monday morning. Japan March exports logged the biggest year-on-year decline since July 2016, and we are likely to see more terrible data over the coming weeks as the lockdown starts to kick in.

Elsewhere, global oil prices continued sliding on Monday to \$27.80 as producers continue to grapple with a supply glut. Investors remain unconvinced that OPEC+'s cut of nearly 10 million barrels agreed to in early April will ease oversupply as countries continue to extend lockdowns imposed to prevent the spread of the COVID-19 pandemic, and economies contract.

| 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                             | 1.0805               | 1.0940           |
| GBP/USD                             | 1.2410               | 1.2520           |
| USD/AED                             | 3.6675               | 3.6775           |
| USD/JPY                             | 106.90               | 108.50           |

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