



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

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

### DOMESTIC NEWS

There was no respite for the home unit on Tuesday as it weakened further against the U.S. dollar, taking the USDKES pair to weekly highs. The home unit was under pressure as demand for the greenback from various sectors amidst muted foreign currency supply pushed the USDKES pair to close slightly stronger from the day's opening levels. The direction of the USDKES pair remains at the mercy of the larger market sentiment. By the close of trade, the local unit stood at 106.75/106.95 as compared to Monday's close of 106.70/106.90.

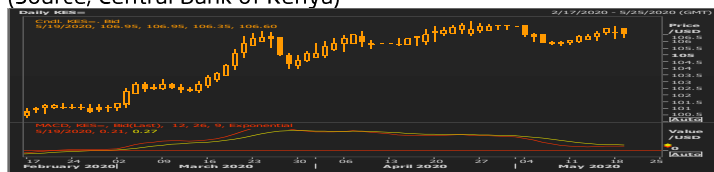
In other news, Kenya has recorded a spill-over of eight to 12 vessels every month since February, industry data shows, as cancellation and delays continue to hurt imports and the country's international trade. This is as a result of disruption on the international supply chain occasioned by Covid-19 that has pushed the globe into the worst recession than that of 2009—International Monetary Fund warned recently. Bulk carriers, container vessels, general cargo ships and oil tankers top the list of vessel type calling at the Port of Mombasa, which also serves the East Africa hinterland mainly Uganda, South Sudan, Rwanda and DR Congo. The World Trade Organization has indicated global trade is expected to fall by between 13 per cent and 32 per cent in 2020 as the Covid-19 pandemic disrupts normal economic activity and life around the world.

### 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 drifted lower on Tuesday to 99.438, after a report from medical news website STAT said early data from Moderna Inc's COVID-19 vaccine was insufficient, pouring cold water on optimism sparked a day earlier by the company's announcement. Meanwhile, US President Donald Trump's four-page letter calling for the WHO to alter its procedures within 30 days or risk a US cut in funding also dented sentiment. Additionally, trade wars are never far away from the front pages of the news. There is also the noise that China has been considering targeting wine, dairy and seafood exports from Australia in what has been described as economic retaliation for Australia's call for an investigation into the origin of COVID-19.

The GBP/USD pair gained to \$1.2660 on Tuesday driven by improvement in risk sentiment and also better-than-expected UK employment data for March.

The euro basked in a glow on Tuesday at \$1.0940 over a Franco-German proposal for a EUR500 billion (\$546.506 billion) common fund to tackle COVID-19 boosted the Euro and investor sentiment as it allows borrowing by the European Commission on behalf of the whole EU.

The Japanese yen drops to 107.73 amid the initial trading hours on Wednesday. Japan's Deputy Head of the coronavirus panel, warned in a statement on Wednesday, it is possible to see a new infection wave before winter.

Elsewhere, global oil prices dipped on Wednesday to \$34.54 per barrel as concerns over the lasting economic fallout from the coronavirus pandemic outweighed signs of improving demand.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million	
	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	1.0880	1.0995
GBP/USD	1.2200	1.2310
USD/AED	3.6675	3.6775
USD/JPY	106.80	108.30

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