



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 26TH MAY 2020

DOMESTIC NEWS

The Kenya shilling was marginally weaker in Friday's trading session after the greenback pushed further. Market activity was slow to pick up as a number of major corporates remained on the sidelines. However, some dollar buying took place later in the session that saw the USDKES currency pair close higher. In the absence of other mitigating factors, the recently established trough should hold as flows drive the pair's direction. By the closing bell, the local unit stood at 107.00/107.10 as compared to Thursday's close of 106.95/107.05.

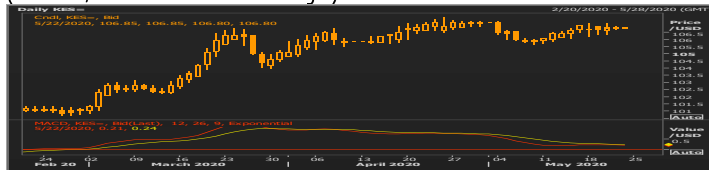
In other news, The World Bank approved a record \$500 million in grants and low-interest loans to help countries in Africa and the Middle East fight swarms of desert locusts that are eating their way across vast swaths of crops and rangelands. Four of the hardest-hit countries - Djibouti, Ethiopia, Kenya and Uganda - will receive \$160 million immediately. Yemen, Somalia and other affected countries could tap funds as needed. In Kenya, the locusts are eating in one day the amount of food consumed by all Kenyans in two days. The new World Bank program will help farmers, herders and rural households by providing fertilizer and seeds for new crops, and cash transfers to pay for food for people and livestock. It will also fund investments to strengthen surveillance and early warning systems to make the region more resilient over the medium- to longer-term.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.65	110.65	104.65	109.65
GBP/KES	126.85	134.85	127.35	134.35
EUR/KES	113.65	120.65	114.15	120.15
AED/KES	27.67	30.67	27.67	30.67

Money Market Rates	Current	Previous	Change
Interbank Rate	4.188%	4.188%	-0.264
91-Day T-bill	7.319%	7.266%	0.053
182-Day T-Bill	8.227%	8.192%	0.035
364-Day T-Bill	9.195%	9.173%	0.022
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 started the week slightly higher at 99.975 albeit in modest volumes depressed by public holidays in the U.K. and U.S., against a backdrop of simmering tension between the U.S. and China. In the meantime, investors continued to monitor the U.S.-China relationship. U.S.-China tensions escalated after Chinese Foreign Minister said that the U.S. risked "a new cold war" with China after U.S. President Donald Trump threatened strong action should the Hong Kong law be enacted. The U.S. Commerce Department added 33 Chinese companies and institutions to a blacklist and two U.S. Senators proposed sanctions on entities enforcing the law.

The GBP/USD pair gained to \$1.2210 on Monday even after Dominic Cummings, advisor to U.K. Prime Minister Boris Johnson, refused to step down after breaching lockdown rules during Monday's press conference.

The euro was sluggish at \$1.0910 on Monday after data confirming that Germany, the currency union's biggest economy, fell into recession in the first quarter, as gross domestic product contracted by 2.2%.

The Japanese yen buyers caught a breath near 107.70 at the start of Tuesday's Asian session. The Bank of Japan Governor Kuroda said that the central bank will do whatever it can to tackle the coronavirus impact on the economy.

Elsewhere, global oil prices climbed on Tuesday, to \$36.12 per barrel boosted by increasing faith in the market that producers will stick to commitments to cut crude supply while demand picks up with more cars back on the road as coronavirus lockdowns are eased around the world.

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	1.0895	1.0990
GBP/USD	1.2170	1.2280
USD/AED	3.6675	3.6775
USD/JPY	106.85	108.40

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