



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 27TH MAY 2020

DOMESTIC NEWS

Odds were against the Shilling in Tuesday's trading session, as the local unit slid further against its American counterpart. 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. That said, market players remain on the edge ahead of the Monetary Policy Committee deliberations today. By the closing bell, the local unit stood at 107.15/107.35 as compared to Friday's close of 107.00/107.10.

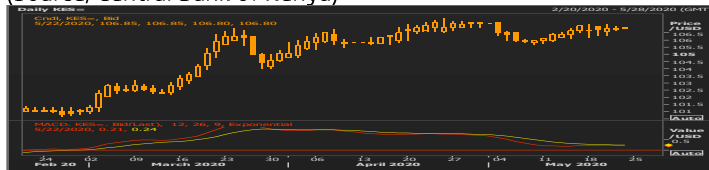
In other news, The next meeting of the Monetary Policy Committee (MPC) will be held today Wednesday, May 27, 2020. At its last meeting, Kenya's central bank cut its benchmark interest rate for the fourth time in a row to 7.0% from 7.25% at a special meeting of the monetary policy committee to try cushion the economy from the fallout of the coronavirus pandemic. Meanwhile, inflation is seen remaining within the target range of 2.5%-7.5% in the short term amid favorable weather conditions, continued low global oil prices and a reduction in the VAT from 16% to 14%. All eyes will be on today's meeting to see whether the MPC will cut rates further as expectations are that they will cut by 50 basis points.

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	3.658%	3.924%	-0.266
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 was down on Tuesday to 99.582 amid optimism over the global recovery given positive news of a potential coronavirus vaccine as well as the further reopening of economies, prompting investors to edge out of this safe haven. In the meantime, U.S. President Donald Trump said late on Tuesday he is preparing to take action against China this week over its effort to impose national security laws on Hong Kong, but gave no further details. On the other hand, China retaliated by threatening countermeasures against any U.S. action, including sanctions.

The GBP/USD pair stepped back from two-week highs to \$1.2320 on Tuesday. Although optimism surrounding Brexit and the usage of the famous coronavirus drug should ideally help the pound extend the previous run-up. On the contrary, allegations against the Tories not following the lockdown guidance and diverting the virus funds to own areas rather than poorer parts of England keep piling pressure on the PM Boris Johnson-led government.

The euro registered gains at \$1.0962 on Tuesday on the back of better-than-expected results in Germany economic data.

The Japanese yen is currently around 107.47, during the initial Tokyo open on Wednesday. Increasing odds of fresh sanctions on China recently weigh on the market's risk-tone, which in turn dims the earlier optimism backed by hopes of the coronavirus (COVID-19) cure and economic restart.

Elsewhere, global oil prices fell to \$35.96 per barrel on Wednesday on revived concerns over how quickly fuel demand will recover even as coronavirus lockdowns begin to ease in many countries, while U.S.-China tensions added to negative sentiment.

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

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