



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH APRIL 2020

DOMESTIC NEWS

It was yet another day of cagey trading in the local currency markets on Monday, as negative sentiment in the global scene spilled over into the local FX markets. Demand for greenback from various sectors ruled counters throughout the day, while inflows remained subdued. With the plethora of risks to watch out for, we expect trading to remain rather volatile, with direction of the pair remaining at the mercy of broader market sentiment. By close of trade, the local unit stood at 107.15/107.35 as compared to Friday's close of 107.00/107.20.

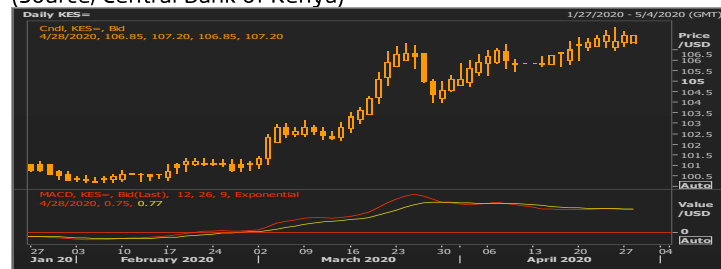
In other news, The National Treasury has slapped county governments with a Sh46.35 billion budget cut in the wake of Covid-19, triggering a new war front with governors. The decision was made after Treasury revised its revenue projections with the pandemic taking a heavy toll on Kenya Revenue Authority targets. In the new plan, Treasury plans to cut county equitable share of revenue raised nationally by Sh30 billion and reduce conditional grants by Sh16.35 billion. Yatani said the cuts have been necessitated by a shortfall in revenues raised by the KRA because of the Covid-19 crisis.

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 | 4.575% | 4.618% | -0.043 |
| 91-Day T-bill | 7.212% | 7.201% | 0.011 |
| 182-Day T-Bill | 8.121% | 8.089% | 0.030 |
| 364-Day T-Bill | 9.110% | 9.091% | 0.019 |
| 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 sold off aggressively on Monday to settle at 99.970, with traders turning away from the safe haven as more and more countries announce a gradual lifting of their Covid-19 restrictions. In the meantime, traders refrained from taking big positions before a Federal Reserve policy decision due on Wednesday. The Fed has already announced a raft of measures to lessen the economic blow from the coronavirus pandemic and is expected to stay on hold this week.

The GBP/USD pair dropped to \$1.2413 on Monday. Prime Minister Boris Johnson returns to work after his bout with the virus and is expected to discuss plans for modifying - but not lifting - the lockdown, possibly before the May 7 deadline when the government is legally obliged to announce its next review of the rules.

The euro erased gains on Monday to \$1.0822. European Central Bank (ECB) meeting Thursday. The ECB is likely to extend its debt purchases to include junk bonds and provide a backstop for corporate financing.

The Japanese yen took bids to 107.00 early Tuesday morning. The Bank of Japan announced on Tuesday that it will increase the size of its Japanese Government Bond purchases across all its maturities in its routine daily buying operation.

Elsewhere, global oil prices slumped on Tuesday to \$18.97 per barrel extending the previous session's slide, on worries about limited capacity to store crude worldwide and expectations that fuel demand may only recover slowly as coronavirus pandemic restrictions are gradually eased.

| 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 | 1.0790 | 1.0860 |
| GBP/USD | 1.2400 | 1.2530 |
| USD/AED | 3.6675 | 3.6775 |
| USD/JPY | 106.80 | 108.40 |

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.