



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH MAY 2020

DOMESTIC NEWS

The local currency advanced against the buck as rejuvenated activity on the supply counter outmuscled dollar demand in yesterday's trading session. Dollar inflows provided the home unit with the much needed boost, as it shed off losses garnered in previous sessions. We anticipate that the currency pair will embrace the recent curved furrow, as heightened activity on both the sides of the counter continue to spur in the short run. By close of trade, the local unit stood at 107.00/107.10 as compared to Tuesday's close of 107.15/107.35.

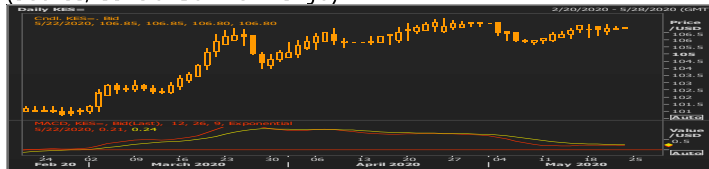
In other news, Kenya's central bank kept its benchmark lending rate at 7.00% on Wednesday, judging that its current accommodative stance remained appropriate, the Monetary Policy Committee said in a statement. The committee has cut its main interest rate by a total of 125 basis points over two meetings to support the economy since its first case of the new coronavirus was reported in mid-March. Banks remain stable, it said, and fiscal stimulus introduced by the government would kick in strongly in the financial year starting in July. The committee also said there were adequate foreign exchange reserves to cushion the country against short-term shocks, and it said fresh produce exports, a key source of hard currency, were starting to normalize.

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 slumped on Wednesday to \$98.900, with tensions between the U.S. and China outweighing optimism over a global economic recovery from COVID-19. The two countries' latest battle is over national security laws proposed for Hong Kong and Macau, with U.S. Secretary of State Mike Pompeo firing the latest shot after he said that Hong Kong was no longer autonomous from China. Pompeo's comments not only jeopardized the city's special trade status with the U.S, but its reputation as a financial hub as well.

The GBP/USD pair dropped to \$1.2250 on Wednesday over news suggesting UK PM Boris Johnson's interference in the Brexit talks. Boris Johnson is set to fly to Brussels next month for his first personal talks with European leaders in more than four months as Downing Street tries to revive Brexit negotiations.

The euro gained momentum to \$1.1035, however the big gains may remain elusive as The central bank's chief Christine Lagarde said late Wednesday that the "mild scenario is out of date" and the economy is likely between the central bank's "medium to severe scenarios".

The Japanese yen extends the previous day's gains while being mildly positive around 107.75 amid Thursday's Asian session. The yen pair recently benefited from the US dollar's broad safe-haven demand mainly backed by the tension between the US and China.

Elsewhere, global oil prices slouched for a second consecutive session on Thursday to \$31.37 per barrel as U.S. industry data showed a steep and surprising build-up in crude stockpiles dampening hopes of a smooth demand recovery as the world begins to ease its way out of coronavirus lockdowns.

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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