



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

## TREASURY MARKET UPDATE 29<sup>TH</sup> MAY 2020

### DOMESTIC NEWS

The shilling finally caught a break from the recent pressure, gaining some ground versus its American counterpart. Foreign currency sellers were active as they took center stage in the local market arena, compelling the domestic unit to claw back against the greenback on the back of muted dollar demand. Looking ahead, indications are that market may hold out at the current range before committing to fresh direction. By close of trade, the home unit stood at 106.90/107.10 as compared to Wednesday's close of 107.00/107.20.

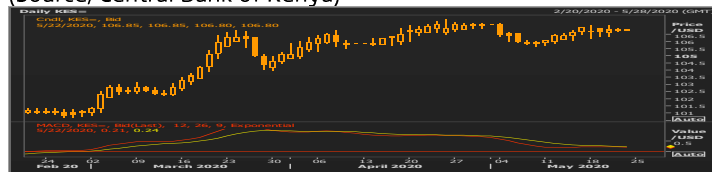
In other news, Kenya's small and medium businesses need urgent help to survive the economic slowdown caused by the novel coronavirus, and many are at risk of shutting down by the end of June, the head of the central bank said on Thursday. The bank said businesses were expected to take advantage of credit available to them once a planned credit-guarantee scheme was in place. "I wanted to underscore the urgency of putting in place the credit guarantee scheme," central bank Governor Patrick Njoroge told a virtual news conference. "This is extremely urgent. We cannot do this as business as usual." Citing a study in April, Njoroge said 75% of businesses surveyed had said without help they would close by the end of June because they lacked credit buffers and other resources to survive the slowdown.

### 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	3.449%	3.658%	-0.209
91-Day T-bill	7.333%	7.319%	0.014
182-Day T-Bill	8.248%	8.227%	0.021
364-Day T-Bill	9.198%	9.195%	0.003
Inflation	5.620%	5.510%	0.310
CBR RATE	7.000%	7.000%	0.000

(Source: Central Bank of Kenya)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index slipped on Thursday to \$98.405, with tensions simmering throughout the week, triggered by China's national security laws for Hong Kong and Macau during the previous week. China's parliament on Thursday pressed ahead with national security legislation for the city, raising fears over the future of its democratic freedoms and function as a finance hub. U.S. President Donald Trump, who has vowed a tough response, said he will hold a news conference on China later on Friday. Trepidation about a further deterioration in Sino-U.S. relations sent stocks lower and put investors on edge.

The GBP/USD pair rose to \$1.2320 on Thursday after the U.K. government announced plans for its test and trace system to combat the coronavirus outbreak. The aim of the system is to lift national lockdown restrictions and move towards more localized targeted measures.

The euro continued to show strength on Thursday at \$1.1094 following the EU Commission announcing its plan for a European recovery fund, with the proposal exceeding market expectations as it envisages 250 billion euros in loans on top of the 500 billion euros in grants, which were originally proposed by France and Germany last week.

The Japanese yen extended its recovery mode as it heads closer towards 107.00 during the early Asian session on Friday. The optimism over the Japanese economic re-opening combined with the US-China tensions is boding well for the yen.

Elsewhere, global oil prices edged lower on Friday to \$ 34.93 per barrel after U.S. inventory data showed lacklustre fuel demand in the world's largest oil consumer while worsening U.S.-China tensions weighed on global financial markets.

### 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	1.1020	1.1190		
GBP/USD	1.2280	1.2420		
USD/AED	3.6675	3.6775		

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	USD/JPY	106.85	108.40
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