



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 2ND JUNE 2020

DOMESTIC NEWS

The shilling continued its shine versus the greenback on Friday. Inflows from diaspora remittances amid low importer dollar demand continued to offer support to the local currency. In the new week, it remains to be seen whether the home unit will hold on to its recent victory run in the near term as the market remains flow-based with expectations that foreign currency buyers and sellers will be battling for dominance in the local forex market. By close of trade, the home unit stood at 106.65/107.85 as compared to Thursday's close of 106.90/107.10.

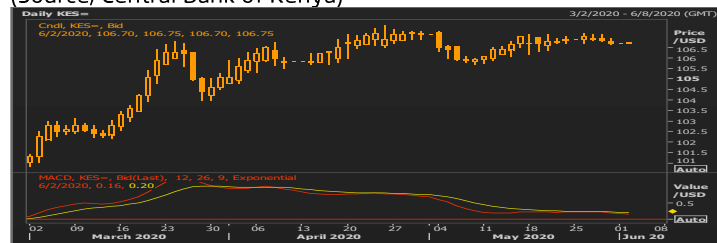
In other news, Kenya's inflation fell to 5.47% year on year in May from 5.62% in April, the statistics office said on Friday. It was the lowest inflation rate since last October. Prices slowed mostly for food & non-alcoholic beverages, transport, restaurants and hotels, and personal care, social protection and miscellaneous goods and services. On a monthly basis, the Consumer Price Indices (CPI) increased by 0.63 percent from 107.92 in April 2020 to 108.60 in May 2020. These numbers are based on the new CPI whose base period is February 2020. They were generated from a survey of retail prices that targeted a basket of household consumption goods and services.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.30	110.30	104.30	109.30
GBP/KES	129.30	137.30	129.80	136.80
EUR/KES	115.40	122.40	115.90	121.90
AED/KES	27.58	30.58	27.58	30.58

Money Market Rates	Current	Previous	Change
Interbank Rate	3.275%	3.371%	-0.096
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	5.470%	5.620%	-0.150
CBR RATE	7.000%	7.000%	0.000

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was up to 97.875 on Monday, with investors turning to the safe-haven asset even amid optimism over the global economic recovery from the COVID-19 virus. In the latest retaliation between the U.S. and China, China ordered state owned enterprises on Monday to postpone orders of U.S. agricultural products such as soybeans as well as cancel some U.S. pork orders. Meanwhile, U.S. President Donald Trump threatened to use military force to control the protests that have broken out in dozens of U.S. cities over the death of George Floyd.

The GBP/USD pair was up to \$1.2394 on Monday with the U.K. loosening months-long lockdown measures. In addition, another round of Brexit talks get underway on Tuesday ahead of the June 18-19 EU summit by which time London needs to make up its mind about asking for an extension to the transition agreement.

The euro continued to strengthen on Monday at \$1.1120, having been boosted by last week's EU stimulus package. Markets are also awaiting a meeting of the European Central Bank on Thursday where it is widely expected to raise its asset buying by around 500 billion euros to 1.25 trillion.

The Japanese yen dropped to 107.60 during the Tokyo open session on Tuesday as markets soak up the start of the week's news pertaining to riots in the US, the US and China stand-off and complacency in the face of it all.

Elsewhere, global oil prices were mixed on Tuesday morning at \$38.47 per barrel, with caution over mounting U.S.-China tensions mingling with optimism over the possibility of an extension of OPEC production cuts.

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	1.1090	1.1195
GBP/USD	1.2440	1.2510	
USD/AED	3.6675	3.6775	
USD/JPY	107.20	108.60	

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/55, Cell +254 709913351/55. 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.