



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 4TH JUNE 2020

DOMESTIC NEWS

The shilling sustained its fortunes during Wednesday's trading session as the demand-supply mismatch continued to dominate the local forex market. Increased dollar inflows from various sectors of the economy gave the local currency a lift against its American counterpart with demand for the buck still on the dip. Further shilling gains may be on the cards if foreign currency inflows remain persistent against the trivial demand for the buck. This may however reverse if dollar appetite gains traction. By the closing bell, the local unit stood at 105.95/106.15 as compared to Tuesday's close of 106.25/106.45.

In other news, the monetary authority was in the market for the 7-day repo and 14-day Tad in a bid to mop KES 30 billion at a weighted average rate of 3.920% and 5.157% respectively.

Indicative Forex rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 102.60 | 109.60 | 103.60 | 108.60 |
| GBP/KES | 129.90 | 137.90 | 130.50 | 134.50 |
| EUR/KES | 115.80 | 122.80 | 116.30 | 122.30 |
| AED/KES | 27.48 | 30.48 | 27.48 | 30.48 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 3.142% | 3.248% | -0.106 |
| 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 sold off on Wednesday settling at 97.362, with riskier assets in demand as investors look for more fiscal stimulus amid signs of a global economic recovery. In the meantime, the U.S. suspended flights into the U.S. by Chinese airlines effective from June 16 after China barred American carriers from re-entering China. Relations between the two countries soured after China approval of the enactment of national security laws in Hong Kong and Macau last month.

The GBP/USD pair was changing hands at \$1.2576 on Wednesday helped by signs that Britain might be willing to compromise on sticking points in Brexit negotiations with the European Union.

The euro traded higher at \$1.1220 on Wednesday on hopes policymakers will continue to support the euro zone, despite the German government's failure to agree on a second big stimulus package Tuesday. The region's weakest economies are still struggling to recover from the measures used to combat the coronavirus outbreak, although the gradual reopening of the European economy continued Wednesday as Italy lifted its quarantine regulations for visitors.

The Japanese yen consolidates the previous day's run-up to a multi-day high while declining to 108.90 at the start of Thursday's Asian session. In doing so, the yen pair awaits fresh catalysts to extend the two-day run-up backed by risk-on sentiment.

Elsewhere, global oil prices fell on Thursday to \$39.38 per barrel, reversing gains in the previous session, on concerns that supply will rise if major producers are unable to agree to extend the depth of output cuts that have supported recent gains.

Indicative Profit Rates on Deposits

| | 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 | 1.1150 | 1.1295 |
| GBP/USD | 1.2470 | 1.2620 |
| USD/AED | 3.6675 | 3.6775 |
| USD/JPY | 108.20 | 109.80 |

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.