



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

## TREASURY MARKET UPDATE 5<sup>TH</sup> JUNE 2020

### DOMESTIC NEWS

The Kenya shilling saw mixed movement against the U.S. dollar in what was a seesaw session with increased activity across the counters. Dollar sellers made forays into the market earlier in the day resulting in the home unit picking some momentum. Later demand by corporates that sought to take advantage of the declining greenback pushed the USDKES currency pair back up. Given the current trading levels for the domestic unit, we still see a range bound theme dominating trading as market players look out for a shift in market dynamics. By the closing bell, the local unit stood at 106.05/106.25 as compared to Thursday's close of 105.95/106.15.

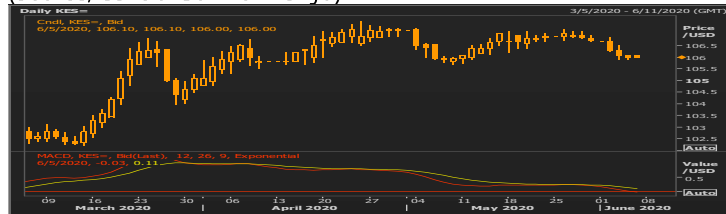
In other news, Kenya's private sector activity inched up in May after falling sharply a month earlier because of restrictions to curb the spread of coronavirus, but conditions are expected to worsen in coming months, a survey showed on Thursday. The Markit Stanbic Bank Kenya Purchasing Managers' Index (PMI) came in at 36.7, higher than April's 34.8 but still well below the 50 mark that separates expansion from contraction. The survey said many firms cut jobs in May, while exports fell due to travel curbs and lockdowns in overseas markets. The government has cut its economic growth forecast for 2020 to 3% from 6%, or 2.5% if the crisis worsens. Firms expect conditions to remain poor over the next year, the survey showed.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	102.70	109.70	103.0	108.70
GBP/KES	130.05	138.05	130.55	137.55
EUR/KES	117.00	124.00	117.60	123.60
AED/KES	27.41	30.41	27.41	30.41

Money Market Rates	Current	Previous	Change
Interbank Rate	3.116%	3.142%	-0.026
91-Day T-bill	7.325%	7.333%	-0.008
182-Day T-Bill	8.200%	8.248%	-0.048
364-Day T-Bill	9.165%	9.198%	-0.033
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 on Thursday settling at 96.765, Investors turned to the safe-haven asset after U.S. data said that 1.877 million Americans claimed unemployment during the previous week, higher than the forecasted 1.8 million claims. In the meantime, optimism over a global economic recovery from COVID-19 continues to remain high, with investors expecting further stimulus measures from governments to further boost economic recovery.

The GBP/USD pair was under pressure on Thursday at \$1.2590 as the key round of the Brexit negotiations have so far marked no real progress. There are other stumbling blocks like the regional legislation and the British declining to extend the deadline that together contributes to the present deadlock.

The euro rose as high as \$1.1362 on Thursday after the European Central Bank expanded its stimulus more than expected to prop up an economy dealing with its worst recession since World War Two. The ECB increased its emergency bond purchase scheme by 600 billion euros, more than 500 billion expected by markets, to 1.35 trillion and extended the scheme to mid-2021.

The Japanese yen bounces off the intraday low of 109.08 to 109.20 amid the pre-Tokyo open Asian session on Friday. Market's risk-tone struggles for direction following the latest headlines suggesting fresh tension between the US and China.

Elsewhere, global oil prices nudged higher on Friday to \$40.19 per barrel as traders await cues from a meeting that could take place as soon as this weekend where major oil producers will discuss whether to extend record production cuts.

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	1.1240	1.1380
GBP/USD	1.2550	1.2690
USD/AED	3.6675	3.6775
USD/JPY	108.40	109.75

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