



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 7TH APRIL 2020

DOMESTIC NEWS

It was yet another day of cagey trading in the local currency markets on Monday, as negative sentiment in the global scene spilled over into the local FX markets. Demand for greenback from various sectors ruled counters throughout the day, while inflows remained subdued, pushing the USDKES pair higher. With the plethora of risks to watch out for, we expect trading to remain rather volatile during the weekend, with direction of the pair remaining at the mercy of broader market sentiment. By close of trade, the local unit stood at 106.10/30 as compared to Friday's close of 105.80/00.

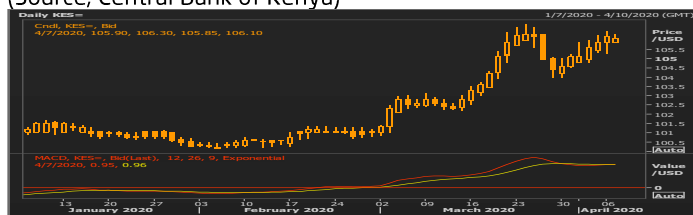
In other news, The Government is proposing amendments to the tax laws act, part of which will see withholding tax (WHT) exemptions to interest accruing from infrastructure bonds (IFBs) removed. This move by the Government adds to the confusion around the pricing of the upcoming IFB Issue. Kindly note that there is no clarity as to how these changes will be effected, if these amendments are passed into law. In the meantime, The Central Bank confirmed details of the April 2020 bond auction. In a bid to secure KES 60Bn, a new 9Yr amortized infrastructure bond is on sale, IFB1/2020/9Yr. The coupon rate is set at 10.85% with the sale period closing on 07-Apr-2020.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	102.60	109.60	103.60	108.60
GBP/KES	126.35	134.35	126.05	133.05
EUR/KES	111.40	118.40	111.90	117.90
AED/KES	27.39	30.39	27.39	30.39

Money Market Rates	Current	Previous	Change
Interbank Rate	5.652%	5.122%	-0.530
91-Day T-bill	7.220%	7.240%	-0.020
182-Day T-Bill	8.145%	8.118%	0.027
364-Day T-Bill	9.049%	9.045%	0.004
Inflation	6.060%	6.370%	-0.310
CBR RATE	7.250%	8.250%	-1.000

(Source: Central Bank of Kenya)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index dollar inched up on Monday to 100.795 as cities hard hit by the COVID-19 virus reported a decline in fatalities over the weekend. The dollar continues to march higher against many emerging currencies. In addition to their own problems with the medical emergency, many emerging markets are desperately short of dollars to repay maturing debts, now that U.S. consumers and businesses are no longer pumping dollars out into the world economy.

The GBP/USD pair mildly gained to \$1.2265 on Monday. The UK's deputy PM, Dominic Raab, will take charge of the economy, as deputized by the PM Boris Johnson. Dominic Raab has stepped up and that the government will follow Johnson's plans.

The euro was unable to move away from the 1.0800 price zone on Monday. Industrial Production in Germany unexpectedly increased in February, the official data showed, confirming that the manufacturing recession in Europe's largest economy is slowing its pace.

The Japanese yen is currently trading at 108.80 early Tuesday. Japanese Prime Minister Shinzo Abe crossed wires as he said that direct fiscal spending under the government's stimulus package to combat the coronavirus pandemic will total 39 trillion yen.

Elsewhere, global oil prices gained on Tuesday to \$33.98 per barrel as hopes rose that the world's biggest producers of crude will agree to cut output as the coronavirus pandemic crushes demand, even as analysts warn a global recession may be deeper than expected.

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.50%	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	1.0795	1.0920
GBP/USD	1.2220	1.2310
USD/AED	3.6675	3.6775
USD/JPY	108.20	109.70

For more details, contact our Treasury staff Jackline, Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1351/52, Cell +254 709913351/52. 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.