



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

## TREASURY MARKET UPDATE 7<sup>TH</sup> MAY 2020

### DOMESTIC NEWS

A vibrant Wednesday session saw the home unit advance against the dollar for the third consecutive day. The shilling gained traction supported by muted activity across the dollar demand counter. We expect further appreciation of the local unit in the short term, should the increase in activity on supply counters experienced recently persist couple with dismal activity on the demand counter, as flows continue to guide market direction. By close of trade, the local unit stood at 106.00/106.20 as compared to Tuesday's close of 106.15/106.35.

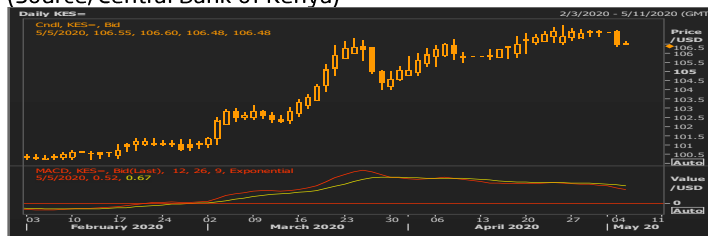
In other news, Kenya's private sector activity declined sharply in April as businesses reeled from the impact of the coronavirus, a survey showed on Wednesday. The Purchasing Managers' Index for manufacturing and services tumbled to 34.8 in April from 37.5 in March. Readings below 50.0 indicate a contraction. Demand at home and in export markets slumped as consumers stayed indoors to avoid catching the virus and because of government measures to contain its spread. Output, new orders, exports and employment, all reached record lows. The government expects the economy to grow by as little as 1% this year, compared with a pre-pandemic forecast of about 6%, due to the impact of the disease.

### Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	102.60	109.60	103.60	108.60
GBP/KES	126.80	134.80	127.30	134.30
EUR/KES	111.05	118.05	111.55	117.55
AED/KES	27.39	30.39	27.39	30.39

Money Market Rates	Current	Previous	Change
Interbank Rate	4.180%	3.995%	0.185
91-Day T-bill	7.242%	7.212%	0.030
182-Day T-Bill	8.134%	8.121%	0.013
364-Day T-Bill	9.115%	9.110%	0.005
Inflation	5.620%	5.510%	0.310
CBR RATE	7.000%	7.250%	-0.250

(Source; Central Bank of Kenya)



(Source; Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was up on Wednesday at 100.185. The U.S. said overnight that private employers laid off a record 20.2 million workers in April, and analyst forecasts predict another 3 million Americans claimed unemployment benefits over the past week. In the meantime, U.S. President Donald Trump added that he was closely watching to see whether China was fulfilling its obligations under a Phase 1 trade signed between the two countries in January.

The GBP/USD pair slid to \$1.2432 on Wednesday touching its lowest level in two weeks even after Prime Minister Boris Johnson said that the country's lockdown measures could be loosened by next week. Meanwhile, The U.K.'s central bank decided to leave the interest rate unchanged at 0.10% as it announced a wide range of measures since the beginning of the coronavirus crisis, including slashing rates to record lows and ramping up its quantitative easing program to £645 billion.

The euro fell to a one-week low of \$1.0817 on Wednesday. This comes as German factory orders slumped 15.6% in March, their biggest monthly decline since German reunification in 1990, as the coronavirus lacerated domestic and foreign demand for goods from Europe's biggest economy.

The Japanese yen takes the bids to 106.25 as Tokyo opens for the first time in a week from its holiday. Trade rhetoric from US President Donald Trump, seems to weigh on the market's risk-tone.

Elsewhere, global oil prices were up on Thursday at \$29.75 per barrel as data showed China's crude imports rebounded, but market watchers expect gains to be capped by the glut in supplies.

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	1.0730	1.0850
GBP/USD	1.2210	1.2410
USD/AED	3.6675	3.6775
USD/JPY	105.30	107.60

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