



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 9TH JUNE 2020

DOMESTIC NEWS

The shilling traded with a negative bias versus the U.S dollar on Monday. The day's trading was mostly one sided in favor of the buck as dollar buyers took advantage of the relatively lower prices amidst dwindling foreign currency inflows. We expect that the USD/KES currency pair will trade within the current ranges this week as players continue to seek out fresh factors that are likely to sway the market in favor of either currency. By close of trade, the local unit stood at 106.25/45 as compared to Friday's close of 106.10/30.

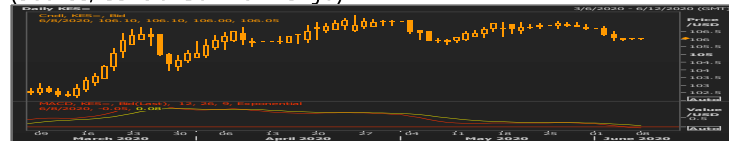
In other news, The governments of Kenya, Rwanda, Tanzania and Uganda are making final adjustments to their budget plans, which will be unveiled Thursday. In Kenya, already the Budget and Appropriations Committee a Parliamentary committee has approved Sh2.73 trillion spending for the national and county governments in the 2020-21 fiscal year starting July 1. The parliamentary committee approved Sh1.8 trillion for recurrent spending, Sh584.9 billion for development and Sh316.5 billion for the devolved units. The country hopes to collect Sh1.61 trillion in ordinary revenue to finance the budget with domestic and foreign borrowing expected to bridge the deficit. The Covid-19 pandemic has pushed economies in the region into freefall and the private sector is hoping governments will come up with measures to revive growth.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	102.65	109.65	103.65	108.65
GBP/KES	130.85	138.85	131.40	138.40
EUR/KES	116.30	123.30	116.80	122.80
AED/KES	27.40	30.40	27.40	30.40

Money Market Rates	Current	Previous	Change
Interbank Rate	2.695%	2.987%	-0.292
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 stabilized on Monday at 96.888, following Friday's shock rise in U.S. employment and ahead of the latest meeting of the Federal Reserve. Underpinning the dollar was a surprising recovery in U.S. employment in May after the economy suffered record job losses in April. That said, investors may avoid making big trades before the Federal Reserve meeting ends on Wednesday.

The GBP/USD pair continued to push higher on Monday at 1.2685. Further gains for the pound may be hard won, after the fourth round of EU-UK future relationship negotiations concluded with no major breakthroughs.

The euro traded at \$1.1294 on Monday after German industrial production slumped 17.9% in April, a record hit, before a gradual easing of lockdown restrictions set off an ever-so-slow recovery.

The Japanese yen retraced to 108.40 during the Tokyo open on Tuesday. The yen pair largely benefited from the upbeat Japanese GDP data and the policymakers' readiness to act further to combat the coronavirus.

Elsewhere, global oil prices were up on Tuesday morning to \$41.30 per barrel, slowly gaining back some of its losses from the previous session, as investors digest Saudi Arabia's unexpected U-turn on production cuts. Saudi Energy Minister Prince Abdulaziz bin Salman told a news conference overnight that the Saudi Arabia, as well as Kuwait and the United Arab Emirates, would not continue an additional production cut of 1.18 million bpd from July.

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	1.1210	1.1370
GBP/USD	1.2650	1.2760
USD/AED	3.6675	3.6775
USD/JPY	108.90	110.80

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