



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

## TREASURY MARKET UPDATE 26<sup>TH</sup> JUNE 2020

### DOMESTIC NEWS

Odds were against the shilling in Thursday's trading session, as the home unit slid against its American counterpart. Swelling corporate demand for the dollar, mostly from the energy and manufacturing sector, coupled with fickle dollar supply endorsed the home currency's slow but consistent move lower against the dollar. In the absence of other mitigating factors, the recently established trough should hold as flows drive the pair's direction. By close of trade, the local unit stood at 106.40/60 as compared to Wednesday's close of 106.35/55.

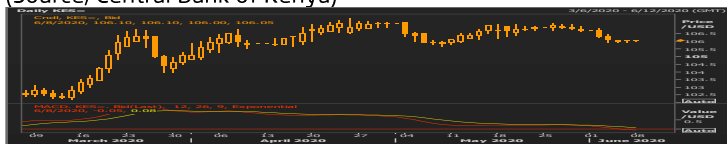
In other news, Kenya's central bank held its key interest rate unchanged at 7.00%, for the second time in two months on Thursday, saying the easing measures it had adopted since the onset of the coronavirus crisis in March were working. Policymakers lowered the key rate by a hefty total of 125 basis points in March and April after Kenya's first case of the COVID-19 disease was confirmed. Like other nations across the world, the Kenyan economy has taken a severe battering from the COVID-19 pandemic. The committee noted that the package of policy measures adopted since March were having the intended effect on the economy, and will be augmented by the announced fiscal measures. Inflation and the current account balance were expected to be stable, the MPC said, adding that the central bank held adequate foreign exchange reserves, 5.53 months' worth of import cover, thus cushioning the shilling.

### 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	3.887%	3.750%	0.137
91-Day T-bill	6.700%	7.089%	-0.389
182-Day T-Bill	7.395%	7.739%	-0.344
364-Day T-Bill	8.194%	8.667%	-0.473
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 held firm on Thursday at 97.360 as caution over rapid rises in U.S. coronavirus cases cast doubt over the reopening of the economy, keeping the allure of its safe-haven value. Also supporting the greenback was the broader rise in corporate demand typically seen towards the end of the month. That helped the dollar hold ground despite the stubbornly upbeat risk appetite seen in global equity markets, which comes even as new coronavirus infections surge.

The GBP/USD pair tumbled to \$1.2420 on Thursday, after Prime Minister Boris Johnson eased lockdown restrictions. Other than the virus woes, Brexit is also probing the pair's momentum. UK's Chief Negotiator again criticized the European union push while describing the expectations for the key departure talks starting from Monday.

The euro plunged on Thursday to \$1.1221 as the US-EU trade war continues to brew. In addition, The European Central Bank President Lagarde, during her speech today will likely reiterate willingness to provide additional stimulus and stress the need for more effort on the fiscal front.

The Japanese yen drops to 107.16 after Japan's inflation data flashed mixed results ahead of the Tokyo open on Friday. To add insult to injury, Bank of Japan Governor Haruhiko Kuroda struck downbeat statements.

Elsewhere, global oil prices rose on Friday to \$41.52 per barrel on optimism about recovering fuel demand worldwide, despite a surge in coronavirus infections in some U.S. states and indications of a revival in U.S. crude production.

### Indicative Profit Rates on Deposits

	Amounts > 10 Million	
	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

	Indicative Cross Rates	
	Bid	Offer
EUR/USD	1.1160	1.1290
GBP/USD	1.2380	1.2480
USD/AED	3.6675	3.6775
USD/JPY	106.40	108.70

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