



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 02ND JUNE 2021

DOMESTIC NEWS

The Kenya shilling was little changed on Monday, as outflows and end month dollar demand were well-balanced with inflows in a day characterized by quiet trading. Market remains optimistic that the country's economy would bounce back in the next couple of months boosted by COVID-19 recovery measures. However, the possibility of a fourth wave in the country with the probability of new variants could lead to more lockdowns and dampen investor confidence.

By close of the day, the local unit stood at 107.60/80, compared to the day's opening of 107.55/75.

Kenya's current account deficit widened marginally to 5.2% in April from 5.1% in March as imports grew at a faster pace compared to export earnings in the first four months of the year. The imports have been driven by higher demand for goods for both domestic and factory use.

Elsewhere, data released by the Kenya National Bureau of Statistics shows that inflation year-on-year rose to 5.87% in May from 5.76% in April on the back of marginal increases in transport and the cost of food and non-alcoholic beverages. The slight increase handed a reprieve to households at a time of constrained spending in the wake of the coronavirus economic melt-down.

Indicative Forex Rates

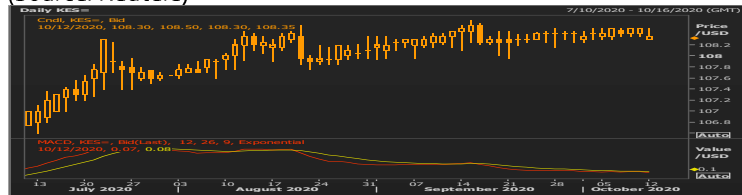
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.25	111.25	104.75	110.75
GBP/KES	148.46	156.46	148.96	155.96
EUR/KES	128.15	135.15	128.65	134.65
AED/KES	27.33	31.33	27.33	31.33

Money Market Rates	Current	Previous	Change
Interbank Rate	4.7649%	4.9617%	0.197
91-Day T-bill	7.139%	7.155%	0.016
182-Day T-Bill	7.865%	7.953%	0.088
364-Day T-Bill	9.156%	9.284%	0.128
Inflation	5.870%	5.7600%	0.110
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.17100	-0.52129	0.10600
12 months	0.24813	-0.48843	0.16250

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was up in early trade, edging back from near a five-month trough as a pickup in U.S. manufacturing activity rose in May due to pent-up demand amid a reopening economy boosted orders keeping bets alive for a quicker normalization of Federal Reserve policy. However, Fed officials continue to downplay inflation fears, suggesting accommodative monetary policy will continue as the economy remains far from its goals. As the pandemic outlook within the United States brightens with advancing vaccinations, U.S. Secretary of State Antony Blinken said they will announce in the next two weeks how they plan to distribute 80 million COVID-19 vaccine doses it has pledged globally.

The U.S. dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies fell by 0.15% to 89.86.

Euro ticked up 0.05% to trade at \$1.2220 after pulling back from near a multi-month top overnight, when it climbed to \$1.2255 following data that showed euro zone inflation surged past the European Central Bank's target in May.

Sterling remained lower at \$1.4150 after easing off a three-year high of \$1.4250 helped by remarks from a Bank of England policymaker last week pointing to a rate hike next year or sooner. BOE Governor Andrew Bailey is due to speak later in the day with his sentiments highly watched.

Elsewhere, oil was up 0.24% with Brent at \$70.41 per barrel as OPEC+ agreed to stick to the existing pace of gradually easing oil supply curbs through July as producers balanced anticipation of a recovery in demand against a possible increase in Iranian supply.

Source: Reuters

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.40%	0.05%
1 Month	6.65%	0.75%
3 Months	6.90%	1.00%
6 Months	7.15%	1.25%
1 year	7.90%	1.50%

Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.2100	1.2400
GBP/USD	1.4030	1.4330
USD/AED	3.6610	3.6865
USD/JPY	108.50	111.50

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