



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 04TH JUNE 2021

DOMESTIC NEWS

The Kenya shilling weakened a tad on Thursday as dollar demand from energy companies and merchandise importers exceeded remittances and exports proceeds. Market remains optimistic that the country's economy would bounce back in the next couple of months boosted by COVID-19 recovery measures.

The possibility of a fourth wave in the country with the probability of new variants could lead to more lockdowns and dampen investor confidence.

However, the local unit is forecast to strengthen in coming days as last month's overflow demand will diminish.

By close of the day, the local unit stood at 107.70/90 compared to the day's opening of 107.65/85.

Elsewhere, the annualized growth in credit to the private sector dropped to 6.8% in April, reflecting the continuing spillover effect of the Covid-19 pandemic that has slowed down business activities. Debt servicing costs will gobble up KES.66 for every KES.100 collected as revenue by the government in the new financial year commencing in July.

Indicative Forex Rates

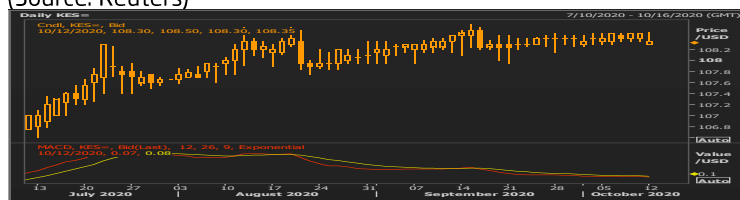
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.30	111.30	104.80	110.80
GBP/KES	147.87	155.87	148.37	155.37
EUR/KES	127.04	134.04	127.54	133.54
AED/KES	27.35	31.35	27.35	31.35

Money Market Rates	Current	Previous	Change
Interbank Rate	4.7669%	4.7324%	0.035
91-Day T-bill	7.137%	7.139%	0.002
182-Day T-Bill	7.818%	7.865%	0.047
364-Day T-Bill	8.973%	9.156%	0.183
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	0.17488	-0.52314	0.10600
12 months	0.24688	-0.49043	0.16413

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar rose to a three-week high on Thursday, bolstered by stronger-than-expected U.S. jobs data that suggested an improving labor market and reinforced signs that the world's largest economy was on its way to recovery from the COVID-19 pandemic. Private payrolls increased by 978,000 jobs in May marking the biggest increase since June 2020 while initial jobless claims dropped below 400,000 last week for the first time since the pandemic started over an year ago.

U.S. non-farm payrolls data will be published today which could set the tone at the Federal Reserve meeting as it has started to unwind some of its asset purchases which is a likely precursor to the central bank eventually tapering its quantitative easing.

The U.S. dollar index, which measures the greenback against a basket of six major currencies, rose 0.7% to stand at a three-week high of 90.574.

Sterling was down 0.09% to \$1.4090 as investors wait on firmer signals as to whether growing cases of a COVID-19 variant first found in India could delay the wider reopening of the British economy due on June 21. Rising cases of the COVID variant led Prime Minister Boris Johnson to say he would be cautious in lifting restrictions on travel and social distancing. U.K.'s Construction Purchasing Managers Index for May will be released later in the day.

Euro fell 0.7% to \$1.2110 on a strong dollar even as a survey showed that Euro zone business activity surged in May as the easing of some coronavirus related restrictions injected life into the bloc's dominant services industry.

Elsewhere, oil prices dropped 0.4% with Brent at \$71.02 a barrel as concerns about the irregular roll-out of anti-coronavirus vaccinations around the globe tempered optimism that demand for fuel was recovering from the depths of the pandemic.

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	1.1950	1.2250
GBP/USD	1.3950	1.4250
USD/AED	3.6610	3.6865
USD/JPY	108.80	111.80

For more details, contact our Treasury staff Jackline, Loryne, Evelyn and Benson on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913354/55/51. 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.