



DIB Bank Kenya
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TREASURY MARKET UPDATE 05TH MAY 2021

DOMESTIC NEWS

The Kenya shilling was firm on Tuesday as export and remittance inflows outstripped importer demand for dollars. The local unit is expected to be range-bound in the near term on the back of strong diaspora remittances and reserves at the apex bank.

By close of the day, the local unit stood at 107.15/35, compared to the day's opening of 107.60/80.

The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 7,664 million (4.71 months of import cover) as at April 29. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover.

Inflation in April 2021 remained stable within the medium-term target band set by the Central Bank of Kenya (CBK), declining marginally to 5.76% from 5.90% in March, driven by lower food inflation and a freeze on fuel price hikes.

Elsewhere, The National Treasury & Planning Cabinet Secretary Hon. Amb. Ukur Yattani will present the FY 2021/2022 budget on Thursday 10th June 2021, at Parliament Buildings, Nairobi.

Indicative Forex Rates

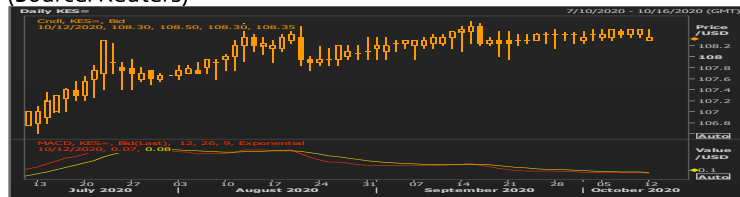
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.80	110.80	104.30	110.30
GBP/KES	145.16	153.16	145.66	152.66
EUR/KES	125.45	132.45	125.95	131.95
AED/KES	27.21	31.21	27.21	31.21

Money Market Rates	Current	Previous	Change
Interbank Rate	4.7641%	4.9453%	0.181
91-Day T-bill	7.139%	7.115%	0.024
182-Day T-Bill	7.989%	7.925%	0.064
364-Day T-Bill	9.474%	9.460%	0.014
Inflation	5.760%	5.900%	0.140
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.20488	-0.52557	0.11375
12 months	0.28113	-0.49343	0.16638

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar tried to extend a rally in early trade as talk about the possibility of higher U.S. interest rates and a sell-off in tech stocks soured risk sentiment to the benefit of the safe-haven currency.

The bounce was partly sparked by comments from U.S. Treasury Secretary Janet Yellen that rate hikes may be needed to stop the economy from overheating. Yellen later downplayed their importance.

The move sent shockwaves throughout the market as it was only just a week ago that the Federal Open Market Committee voted to leave rates unchanged and indicated that it was in no rush to rein in loose monetary policy measures.

The dollar index, which measures the dollar's value against a basket of other major currencies edged up 0.3% to 91.282.

Euro dropped to \$1.2015 on dollar rebound and threatened to breach important chart support in the \$1.1995/1.2000 area. Germany's relaxation of Covid-19 lockdown measures has nevertheless helped to rejuvenate the nation's retail sector.

Sterling dipped 0.1% to \$1.3900 ahead of a Bank of England policy meeting tomorrow, which may announce a slowdown in its bond buying program as the vaccine rollout bolsters Britain's economy. Confidence in the UK economy has also improved because of the nation's low rates of Covid-19 infections and deaths.

Elsewhere, oil was up 2.68% with Brent at \$69.37 per barrel over a record fall in U.S. crude oil supplies and growing expectations that re-opening drives in the U.S. and Europe will boost fuel demand. However, investors are also keeping an eye on ever-surging numbers of COVID-19 cases in parts of Asia.

Source: Reuters

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.00%	0.05%
1 Month	6.25%	0.75%
3 Months	6.50%	1.00%
6 Months	6.75%	1.25%
1 year	7.00%	1.50%

Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1875	1.2175
GBP/USD	1.3755	1.4055
USD/AED	3.6610	3.6865
USD/JPY	108.00	111.00

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