



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH AUGUST 2021

DOMESTIC NEWS

Trading was cramped on Monday, which saw the shilling play second position against the greenback for the better part of the session. The shilling plunged as a result of increased interbank demand for the buck, which overcame the supply-side and left the domestic currency feeble. By close of day, the local unit stood at 108.75/108.95 as compared to Friday's close of 108.70/108.90.

In other news, Kenya's external debt rose to the highest level in the first half of this year as government spending shot up and revenue fell. The amount of external debt climbed to \$37.23 billion at the end of June this year, compared to \$33.01 billion at the end of June 2020. The country's total public debt rose by 15% to KSh7.7 trillion at the end of June 2021 from KSh6.7 trillion a year ago, according to data released by the Central Bank of Kenya. External debt made up 52% of Kenya's total public debt at the end of the first six months of this year. In April this year, Kenya received a \$307.5 million loan for budgetary support from the IMF as part of the Extended Credit Facility (ECF). The country also received \$1 billion from the issuance of a fourth Eurobond in June. In addition, the World Bank extended a \$750 million loan in June to support the country's covid-19 recovery efforts. Kenya's domestic debt increased to KSh3.79 trillion at the end of July, up 9% from KSh3.49 trillion at the start of the year. As of 30th July, local banks held the largest share of the domestic debt at 51%, followed by pension funds at 30.9%, insurance companies at 6.65%, other investors at 5.92%, and lastly state corporations at 5.39%.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.35	112.35	105.85	111.85
GBP/KES	146.70	154.70	147.20	154.20
EUR/KES	124.25	131.25	124.70	130.70
AED/KES	27.63	31.63	27.63	31.63

Money Market Rates	Current	Previous	Change
Interbank Rate	2.791%	2.904%	-0.113
91-Day T-bill	6.513%	6.486%	0.027
182-Day T-Bill	7.046%	6.966%	0.080
364-Day T-Bill	7.418%	7.426%	-0.008
Inflation	6.400%	6.300%	0.100
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.14938	-0.53586	0.09188
12 months	0.23738	-0.49829	0.21000

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index advanced up on Monday to touch the highest in more than two weeks against a basket of currencies at 92.937, buoyed by upbeat U.S. data, even as traders kept a close watch on the spread of COVID-19 cases in the United States. Data Monday showed U.S. job openings jumped to a record high in June and hiring increased. That came on the heels of Friday's U.S. monthly jobs report that showed U.S. employers hired the most workers in nearly a year in July and continued to raise wages. Fed officials have made a jobs market recovery a condition of tighter monetary policy.

The GBP/USD pair was under pressure on Monday at \$1.3836 amid resurfacing Brexit concerns over the migrant crisis. The former Brexit Party leader Nigel Farage slammed France and the EU for failing to "lift a finger" to prevent the dangerous cross-channel migrant crisis. Meanwhile, the UK political worries over PM Boris Johnson looking to demote Finance Minister Rishi Sunak also adds to the weight on the pound.

The euro remains quiet since the beginning of the week at \$1.1740. The pair confides near its four-month low ahead of key Eurozone data.

The Japanese Yen pair maintained its offered tone through the mid-European session, with bears now awaiting a sustained break below the key 110.00 psychological mark.

Elsewhere, global oil prices rose on Tuesday to \$69.93 per barrel, edging up from a three-week low in the previous session, but gains are likely to be limited on worries that rising coronavirus cases and restrictions in China will dent fuel demand.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES		USD	
2 Weeks	6.00%	0.25%		
1 Month	6.25%	0.50%		
3 Months	6.50%	0.75%		
6 Months	6.75%	1.00%		
1 year	7.00%	1.25%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1640	1.1850
GBP/USD	1.3610	1.4140
USD/AED	3.6605	3.6870
USD/JPY	108.20	111.95

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.