



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH JUNE 2021

DOMESTIC NEWS

The Kenyan shilling was relatively stable in midweek trading day. The local unit was supported by inflows from offshore investors buying government debt amid subsiding dollar demand from the energy and manufacturing sector. The session saw little activity across the counters that just about evened out during the day with foreign currency demand matching supply to close at the same level as the previous day. By close of the day, the local unit stood at 107.85/05, the same as the previous day's close.

In the meantime, all eyes are on the National Treasury, as it presents the 2021/22 financial year's budget today. Cabinet Secretary Ukur Yatani will break down to the public the country's spending and the tax measures for the new financial year starting July 1 to June 30, 2022. The budget is set higher at Sh3 trillion up from the current financial year's 2.8 trillion. The CS is expected to balance between post-Covid economic recovery and driving President Uhuru Kenyatta's Big Four Agenda, whose implementation has equally been slowed down by the pandemic. The private sector is keen on debt and taxes as the government continues to borrow heavily to bridge the budget deficit and meet its development targets. Most of this debt has been expended towards big infrastructural projects whose benefits will be realized in the long term.

Indicative Forex Rates

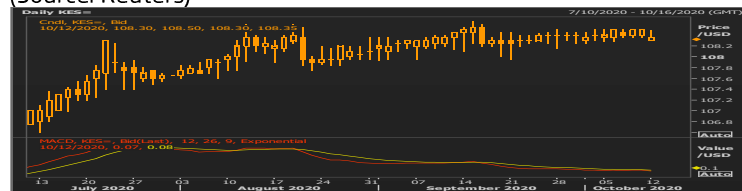
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.40	111.40	104.90	110.90
GBP/KES	148.25	156.25	148.75	155.75
EUR/KES	127.75	134.75	128.25	134.25
AED/KES	27.38	31.38	27.38	31.38

Money Market Rates	Current	Previous	Change
Interbank Rate	4.531%	4.310%	-0.221
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%	5.760%	0.110
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya

LIBOR Rates	USD	EUR	GBP
6 Months	0.15463	-0.52757	0.10475
12 months	0.24075	-0.49029	0.16663

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index continued to hover near a five-month low versus major peers on Wednesday at 90.183 as investors looked to key U.S. inflation data. In addition, the U.S. Labor Department's consumer prices data has been much anticipated after last month's report showed consumer prices increased by the most in nearly 12 years in April. That has stoked bets that higher prices could last longer than some anticipate, potentially calling into question the Federal Reserve's insistence that current inflation pressures are transitory and monetary stimulus should stay in place for some time yet.

The GBP/USD pair inched down to \$1.4112 on Wednesday over the growing tensions between UK and EU, as the two sides failed to reach an agreement on implementing the Northern Ireland Protocol. The British Prime Minister Boris Johnson is considering all options amid an emerging trade war after Brussels threatens to impose sanctions over the UK's exports to Northern Ireland.

The euro rose to a one-week high to \$1.2218 on Wednesday as focus shifts to the European Central Bank meeting for any commencement of tapering on its asset purchases in its policy decision on at its Thursday meeting.

The Japanese Yen pair kicked off the Asian session on Thursday at 109.66, as its struggles with the domestic economic submissive outlook.

Elsewhere, global oil prices were down to \$69.48 per barrel on Thursday as the U.S. posted high amounts of gasoline stocks, indicating a weaker-than-expected fuel demand at the start of the country's peak summer travel season.

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	1.2030	1.2285
GBP/USD	1.4030	1.4270
USD/AED	3.6610	3.6860
USD/JPY	108.15	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.