



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 11TH AUGUST 2021

DOMESTIC NEWS

A choppy Tuesday session saw the home unit sink further against the greenback. The local currency fluttered between gains and losses in early trading as forces of demand and supply for foreign currency battled for dominance on the FX counters. The Kenyan currency closed the session on the defensive as demand from importers offset the waning supply. In the new day, markets remain focused on flows to determine direction for the USD/KES pair, with players inclined to a weaker shilling amid limited foreign currency inflows. By close of day, the local unit stood at 108.95/109.15 as compared to Monday's close of 108.75/108.95.

In other news, Kenya's export earnings for the first half of the year (H1 2021) hit a 10-year high at KSh368.79 billion, lifted by increased sales of horticultural produce and rising prices of coffee. The earnings represent a 16.27% increase from KSh317.18 billion over a similar period last year. Earnings from horticulture – cut flowers, vegetables and fruits – rose 30.79% to nearly Sh73.07 billion, while coffee rose 22.15% to almost KSh16.15 billion. Despite the jump in exports' earnings, Kenya's goods trade deficit (the gap between imports and exports) did not narrow because imports, including crude oil, machinery and materials for factories, grew at a faster pace of 27.71% to KSh991.75 billion. This widened the goods trade gap by 35.61% to KSh622.95 billion from KSh459.38 billion last year.

Indicative Forex Rates

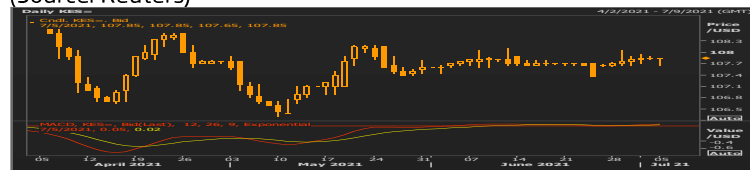
| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 105.55 | 112.55 | 106.05 | 112.05 |
| GBP/KES | 146.80 | 154.80 | 147.30 | 154.30 |
| EUR/KES | 124.35 | 131.35 | 124.80 | 130.80 |
| AED/KES | 27.69 | 31.69 | 27.69 | 31.69 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 2.688% | 2.791% | -0.108 |
| 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 | 0.14963 | -0.53657 | 0.09438 |
| 12 months | 0.23775 | -0.50014 | 0.21475 |

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was up on Tuesday to 93.062. Investors now await U.S. inflation data, with bets increasing on strong data that would push the U.S. Federal Reserve to begin asset tapering sooner than expected. Although Fed Chairman Jerome Powell has maintained that inflationary pressure is likely to be temporary, some of his colleagues, most recently Chicago Fed Bank President, are starting to disagree.

The GBP/USD pair inched lower on Tuesday to \$1.3835 as the UK government hinted at extending the emergency powers for trucks heading into France in a move to use Brexit rights, signaling the government expects further cross-Channel disruption. In the meantime, coronavirus cases jumped to the highest in five months challenging the government's efforts to tame the pandemic. To overcome the criticism, Boris Johnson-led army orders for more Pfizer vaccines.

The euro defended the \$1.1700 threshold on Tuesday. News suggesting that the European Union will not change its safe travel list this week, allowing non-essential travel from the U.S. to continue for the time being despite a surge in COVID cases there, helps the EUR a bit versus its US counterpart.

The Japanese Yen extends gains in the initial Asian trading session on Wednesday. The strong buying pressure in the US dollar sponsors the performance of the pair.

Elsewhere, global oil prices dipped on Wednesday to \$68.11 per barrel as analysts cut their forecasts for fuel demand in China following mobility curbs from the spread of the highly infectious Delta variant of the coronavirus, offsetting a bullish outlook for U.S. 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.