



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH AUGUST 2021

DOMESTIC NEWS

The shilling was on the back foot on Wednesday as pressure mounted from dollar buyers across the energy and manufacturing sectors. Resurgent dollar demand pushed the USD/KES pair up while the foreign currency inflows that previously offered support to the local unit thinned out, leaving the home unit exposed. By close of day, the local unit stood at 109.00/109.20 as compared to Tuesday's close of 108.95/108.15.

In addition, The Kenya shilling has been on a depreciating streak for the past one week, hitting a 5-month low against the dollar on Wednesday. The local currency, which has been on a consistent decline since the month started, hit 109.15 yesterday as demand for the greenback increased. The shilling was last at the 109 levels on March 31 when it hit a low of 109.53 to the shilling, then strengthened to 108.90 on April 1. Traders attributed the drop to increased dollar demand from the manufacturing sector, which outmatched supply from tea and horticulture exporters. Horticulture exports earnings on the other hand dropped by Sh6.3 billion in the first half of the year to Sh77.1 billion from Sh83.4 billion recorded last year due to suppressed prices at the international market. The drop in revenue from the commodity which is a major foreign exchange earner in turn has led to a drop in export receipts which cushion the shilling. In addition, the local currency has also faced headwinds from dollar strength, importer demand and loan repayments.

Indicative Forex Rates

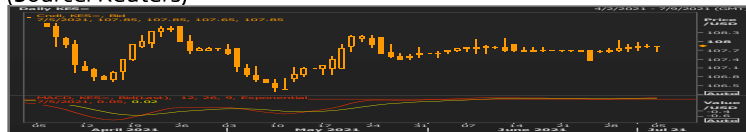
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.65	112.65	106.15	112.15
GBP/KES	147.35	155.35	147.90	154.90
EUR/KES	124.70	131.70	125.20	131.20
AED/KES	27.72	31.72	27.72	31.72

Money Market Rates	Current	Previous	Change
Interbank Rate	2.672%	2.688%	-0.016
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	0.15625	-0.53729	0.09463
12 months	0.23963	-0.50071	0.21425

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was down to 92.898 on Wednesday. However, the U.S. currency held near a four-month peak as the U.S.' latest inflation data tempered bets of an earlier-than-expected tightening of its monetary policy. Data released in the U.S. said the core consumer price index (CPI) rose 0.3% month-on-month in July, a pace that was slower than expected. With the labor market recovery, a condition for the U.S. Federal Reserve to begin asset tapering and hiking interest rates, the debate on whether the current inflationary pressures are transitory continues.

The GBP/USD pair traded water around \$1.3865 on Wednesday, as traders await the key UK data for fresh impulse. Also positive for the cable could be UK Health Minister Sajid Javid's confirmation that the fully vaccinated adults don't need to isolate. Given the latest covid resurgence and variant fears in the UK, today's British data dump will be the key to gauge the economic recovery. Also highlighting the importance of the data is the latest shift in the Bank of England policymakers.

The euro regained to \$1.1740 on Wednesday as it struggled for direction, as contrasting clues from the US and European policymakers over the challenges to economic recovery due to the Delta covid variant and future moves of the Fed and the ECB keeps the EUR/USD pair troubled after the latest inflation figures from the US and Germany.

Elsewhere, global oil prices were stable on Thursday at \$71.52 per barrel following two days of gains after a call from the United States, the world's top oil consumer, for major producers to boost output reinforced supply concerns as economies ease their coronavirus restrictions.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	USD	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	1.1630	1.1860
GBP/USD	1.3620	1.4150
USD/AED	3.6605	3.6870
USD/JPY	108.15	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.