



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH MAY 2021

DOMESTIC NEWS

The shilling was the under-achiever in Tuesday's trading against the U.S. dollar, as tenacious greenback appetite from various sectors of the economy hampered the local unit's quest for dominance. The home unit wavered on the weaker side as buyers flooded the market to pick up the dollar while foreign currency inflows remained suppressed. By close of the day, the local unit stood at 106.75/95, as compared to the previous day's close of 106.45/65.

Meanwhile, Kenya's private sector activity during the month of April dropped to its weakest level in 11 months mainly due to the movement restrictions and extended curfew hours introduced in five counties at the end of March. The Kenya Purchasing Managers Index, which measures the level of private sector activity, plunged to 41.5 from 50.6 in March 2021. The 41.5 reading, the lowest since May 2020, signified a sharp deterioration in the business environment. According to the Stanbic report, the government restrictions had a huge impact on the movement of goods and services as well as demand for products. In addition, companies suffered the high cost of operation due to the rise in the price of fuel and supply shortages.

Indicative Forex Rates

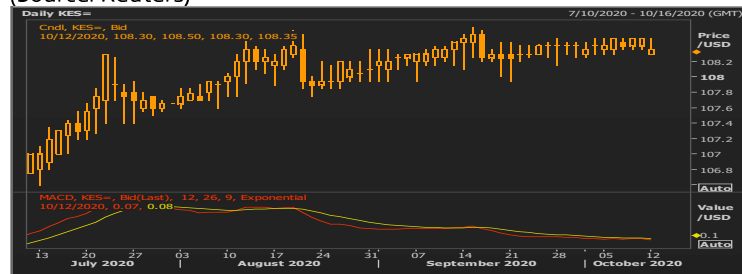
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	103.35	110.35	103.85	109.85
GBP/KES	146.90	154.90	147.40	154.40
EUR/KES	126.10	133.10	126.60	132.60
AED/KES	27.59	30.59	27.59	30.59

Money Market Rates	Current	Previous	Change
Interbank Rate	4.150%	2.411%	1.739
91-Day T-bill	7.152%	7.139%	0.013
182-Day T-Bill	7.990%	7.989%	0.001
364-Day T-Bill	9.424%	9.474%	0.050
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	0.19275	-0.52686	0.11038
12 months	0.27110	-0.48986	0.16350

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was up on Tuesday to 90.332, but remained near its lowest levels of 2021, as investors increased bets that U.S. inflation data will not change the U.S. Federal Reserve's current dovish monetary policy. Worries that higher U.S. inflation numbers could pressure the Fed to hike interest rates sooner than expected drove a selloff in rate-sensitive tech stocks earlier in the week. However, repeated assurances from Fed officials, including Chairman Jerome Powell, have seemingly soothed market worries. All eyes are now on the U.S. consumer price index report to be released by the U.S. Labor Department on Wednesday.

The GBP/USD pair took rounds to \$1.4140 on Tuesday, portraying a typical cautious mood ahead of the key UK Q1 GDP and the US Consumer Price Index (CPI) data for April. The Sterling managed to refresh the highest levels since February 25 after UK's Queen Elizabeth II outlined the government's recovery plan in the British Parliament in her speech.

The euro refreshed an intraday low to \$1.2120 on Tuesday. The European Central Bank policymakers reiterated their rejection to discuss tapering while also keeping the economic outlook brighter yesterday.

The Japanese Yen tumbled to 108.65 on Wednesday over worries that the recent surge in COVID-19 cases could hinder Japan's fragile economic recovery further acted as a headwind for the Japanese yen.

Elsewhere, global oil prices were higher on Wednesday at \$65.41 per barrel.

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	1.2020	1.2230
GBP/USD	1.4030	1.4210
USD/AED	3.6610	3.6865
USD/JPY	108.15	109.50

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.