



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 13<sup>TH</sup> JULY 2021

### DOMESTIC NEWS

The shilling traded sideways against the dollar on Monday as a dearth in activity which has recently prevailed continued to typify the local foreign currency market. The local unit was confined to a tight range for most of the session as activity on both demand and supply counters evenly matched, to leave the shilling little changed against the greenback. With market players lacking fresh factors to give directional impetus, market chatter alludes to range bound trading in today's session if the slowdown in activity continues. By the close of trade, the home unit stood at 107.85/108.05, same as Friday's close.

In other news, Kenya's current account deficit, a measure of a nation's trade and financial flows with other nations, widened to 5.5% of the GDP in the 12 months to May 2021 compared to 5.2% of GDP in the same period last year, according to data released by the Central Bank of Kenya (CBK). The current account deficit touched a peak of 7.2% of GDP in 2017 as the country dealt with election-related uncertainty. CBK blames lower service receipts for the widening current account deficit as service income fell in 2020 and offset the increased inflows from exports and overseas remittances. Remittances from Kenyans working abroad maintained an upward trend and reached an all-time high of \$315.8 million in May this year, up by 22% from \$258.2 million in May 2020.

#### Indicative Forex Rates

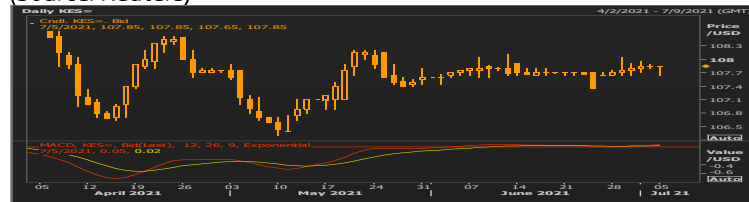
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.45	111.45	104.95	110.95
GBP/KES	146.00	154.00	146.50	153.50
EUR/KES	124.55	131.55	125.05	131.05
AED/KES	27.39	31.39	27.39	31.39

Money Market Rates	Current	Previous	Change
Interbank Rate	4.350%	4.365%	-0.105
91-Day T-bill	6.614%	6.728%	-0.114
182-Day T-Bill	7.101%	7.228%	-0.127
364-Day T-Bill	7.576%	7.661%	-0.085
Inflation	6.300%	5.900%	0.400
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya

LIBOR Rates	USD	EUR	GBP
6 Months	0.15100	-0.52686	0.10175
12 months	0.23888	-0.49243	0.17300

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index found support on Monday at 92.202 ahead of U.S. inflation data, with investors on edge over whether the figures may offer clues about the likely timing of tapering and interest rate hikes. Fed Chair Jerome Powell's testimony at Congress on Wednesday will be closely watched for his response to the inflation figures and his tone on the recovery's progress.

The GBP/USD pair stayed subdued at \$1.38900 on Monday as it struggled for clear direction. While upbeat UK retail sales and hopes of unlock back the buyers, PM Boris Johnson's cautious comments and Brexit woes tease the pair sellers of late. Alternatively, the coronavirus concerns are becoming grim of late even as the policymakers stay intact on July 19 unlock deadline. Recently, UK PM Johnson said that life cannot go back to normal after restrictions are lifted.

The euro consolidated at \$1.1865 on Monday, weighed by European Central Bank President Christine Lagarde who hinted at a dovish shift to the rates outlook for Europe. The ECB will start tapering its pandemic-related asset purchases after its September meeting and stop buying them by the end of March.

The Japanese Yen stood at 110.31 on Tuesday, having slipped overnight to edge further away from its one-month high of 109.535.

Elsewhere, global climbed on Tuesday to \$75.35 per barrel, as tight supply and expectations of a further draw in U.S. crude inventories provided support, although fears over the spreading coronavirus variant capped gains. Meanwhile, OPEC+ is yet to make progress closing divisions between Saudi Arabia and the United Arab Emirates.

#### 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	1.1720	1.1960
GBP/USD	1.3610	1.3940
USD/AED	3.6610	3.6860
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.