



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 14TH JUNE 2021

DOMESTIC NEWS

The shilling continued its shine versus the greenback on Friday. Inflows from diaspora remittances amid low importer dollar demand continued to offer support to the local currency. In the new week, it remains to be seen whether the home unit will hold on to its recent victory run in the near term as the market remains flow-based with expectations that foreign currency buyers and sellers will be battling for dominance in the local forex market. By close of trade, the home unit stood at 107.70/107.90 as compared to Thursday's close of 107.85/108.05.

In the meantime, the usable foreign exchange reserves remained adequate at USD 7,506 million (4.59 months of import cover) as at June 10. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover. Meanwhile, the World Bank has approved \$750 million loan for Kenya to support in post Covid-19 recovery. According to the international lender, the loan priced at 3.1 per cent will also support policy reforms that will strengthen transparency and accountability in public procurement and promote efficient public investment spending. Financing provided by the World Bank is offered by on concessional terms, making it significantly lower than commercial loans.

Indicative Forex Rates

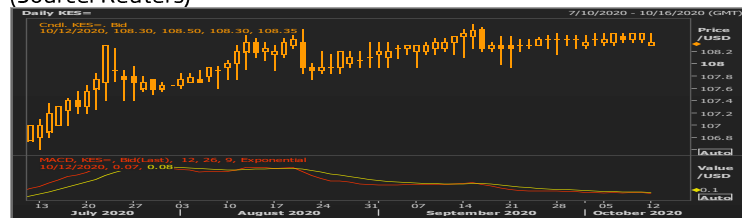
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.30	111.30	104.80	110.80
GBP/KES	148.15	156.15	148.65	155.65
EUR/KES	126.99	133.99	127.49	133.49
AED/KES	27.35	31.35	27.35	31.35

Money Market Rates	Current	Previous	Change
Interbank Rate	4.038%	4.038%	-0.272
91-Day T-bill	7.104%	7.137%	-0.033
182-Day T-Bill	7.731%	7.818%	-0.087
364-Day T-Bill	8.648%	8.973%	-0.325
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	0.15250	-0.53214	0.10688
12 months	0.23938	-0.49400	0.16563

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index jumped on Friday to 90.540, over the prospect of fresh clues on Federal Reserve monetary policy. In recent weeks, the index has fluctuated as traders weighed inflationary pressure as the economy reopens as the pandemic could force the Federal Open Market Committee into an earlier tapering of stimulus. Repeated comments by policy makers that inflation would be transitory calmed those jitters, but markets also now anticipate the Fed may be close to giving clues on the timing for slimming its asset-purchase programme.

The GBP/USD pair kept to \$1.4110 levels on Friday as it pays little heed to the recent price-negative headlines concerning the Brexit and an extension to the date of lifting major coronavirus activity restrictions. It is worth noting that US President Joe Biden refrained from taking a tough stand on Brexit, as widely anticipated. However, the European Union policymakers cheered support from America to push the UK towards pre-agreed Brexit terms on the Northern Ireland during the latest Group of Seven meeting.

The euro was unfazed at \$1.2095 on Friday as ECB President highlighted that it is too early to debate the end of the Pandemic Emergency Purchase.

The Japanese Yen extends its gains on Monday in the initial Asian trading hours to 109.72, even though the Yen lags behind the investor's spotlight on the mixed economic state.

Elsewhere, global oil prices held near multi-year highs on Monday at \$72.83 per barrel, underpinned by an improved outlook for demand as increased COVID-19 vaccinations help lift travel curbs.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts > 100,000	
	KES	USD	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	1.1950	1.2210
GBP/USD	1.4030	1.4280
USD/AED	3.6610	3.6860
USD/JPY	108.40	111.85

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.