



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH AUGUST 2021

DOMESTIC NEWS

The Kenya shilling weakened a tad on Friday due to pressure from rising global crude oil prices which are pointing to a steep rise in the coming months, increased demand from the manufacturing sector as well as speculation that many are converting their Kenya Shillings into US Dollars to hedge against perceived inflation in the coming months amid low supply from tea and horticulture exporters. Listed companies are also repatriating dividends to shareholders abroad.

By close of the day, the local unit stood at 109.20/40, compared to the day's opening of 109.15/35.

The increasing number of new COVID-19 infections cases reported in the country has reintroduced an element of caution in the market as shown in the data by the Central Bank of Kenya (CBK) indicating that dollar deposits stood at an equivalent of KES 760.34 billion at the end of June, up from KES 745.44 billion in May.

The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 9,296 million (5.68 months of import cover) as at August 12. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover.

Elsewhere, Kenyans will begin paying more for fuel, cigarettes, bottled drinking water, beer, fruit juice and other excisable products, effective October 1st, 2021 after a legal notice published by the Kenya Revenue Authority, allowing the Commissioner-General to adjust the prices of these products by 4.97%, termed as inflation adjustment on excise duty charged on products.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.80	112.80	106.30	112.30
GBP/KES	147.35	155.35	147.85	154.85
EUR/KES	125.36	132.36	125.86	131.86
AED/KES	27.76	31.76	27.76	31.76

Money Market Rates	Current	Previous	Change
Interbank Rate	2.8658%	2.7434%	0.122
91-Day T-bill	6.527%	6.513%	0.014
182-Day T-Bill	7.117%	7.046%	0.071
364-Day T-Bill	7.418%	7.418%	0.000
Inflation	6.440%	5.630%	0.120
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.15663	-0.53943	0.09575
12 months	0.23875	-0.49986	0.21350

(Source: Reuters)

INTERNATIONAL NEWS

The dollar was down in early trade remaining near a one-week low after a sharp fall in U.S. consumer confidence to its lowest levels since 2011 amid an acceleration in COVID-19 infections caused by the fast-spreading Delta variant lessened the likelihood of a tighter U.S. Federal Reserve monetary policy. Markets now await the Fed's next move on asset tapering and interest rate hikes.

The widespread availability of coronavirus vaccines in the United States caused infections to drop dramatically from January to June, but driven largely by the Delta variant, the current 7-day moving average of daily new cases is up 35%. The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.02% to 92.498.

The Pound inched up 0.45% to \$1.3850 against the broadly weaker dollar but remained on pace for a second straight week of modest declines as markets look for fresh catalysts for the British currency's next move after Britain's growth figures for the second quarter came in as expected.

Euro was mostly flat at \$1.1790 close to the one-week low of \$1.18045 reached earlier even as the European Central Bank is likely to announce long-awaited plans to reduce its pandemic-related asset purchases in the next quarter. With the euro zone economy growing at its fastest pace on record and inflation set to rise further, pressure on the ECB to taper its Pandemic Emergency Purchase Programme is building, as it is on other major central banks.

Elsewhere, oil prices fell more than 1% with Brent at \$69.79 a barrel dropping for a third session as government-imposed restrictions on mobility to counter the spread of the Delta variant raised worries about a recovery in fuel demand.

Source: Reuters

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.40%	0.05%
1 Month	6.65%	0.75%
3 Months	6.90%	1.00%
6 Months	7.15%	1.25%
1 year	7.90%	1.50%

Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1660	1.1860
GBP/USD	1.3730	1.4030
USD/AED	3.6610	3.6865
USD/JPY	108.30	111.30

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