



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH JULY 2021

DOMESTIC NEWS

The domestic unit had a poor run against its American counterpart on Thursday, closing weaker from its previous close. Importers, particularly from the oil and energy sector, filled the market to pick up the dollar. The trifling foreign currency inflows witnessed from various sectors of the economy, did little to save the local unit from losses. That said, the price action continues to be mainly flow driven with fundamentals taking a back seat in the interim. By close of day, the local unit stood at 108.10/108.30 as compared to Wednesday's close of 107.95/108.15.

In other news, Loans restructured by Kenya's small and medium-sized businesses jumped tenfold in 2020 compared with a year earlier largely due to the impact of Covid-19, the central bank said on Thursday. The central bank took action last year to help these businesses to survive the economic slowdown brought about by the coronavirus, with many at risk of shutting down. As part of these measures aimed at cushioning distressed borrowers, the central bank allowed banks in March 2020 to restructure loans for those firms hit by the Covid-19 pandemic. The central bank said on Thursday the amount of loans that small and medium-sized businesses restructured totaled Sh234.7 billion (\$2.17 billion) last year, up from 20.6 billion shillings in 2019. The period for banks to provide relief to customers ended on March 2 this year.

Indicative Forex Rates

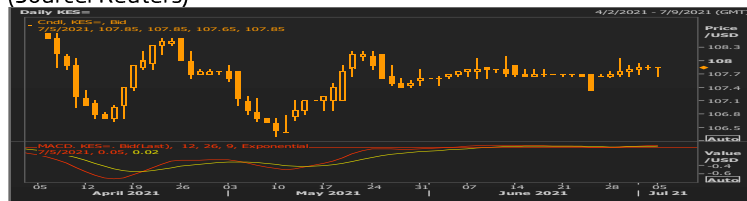
| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 104.70 | 111.70 | 105.20 | 111.20 |
| GBP/KES | 145.75 | 153.75 | 146.30 | 153.30 |
| EUR/KES | 124.30 | 131.30 | 124.80 | 130.80 |
| AED/KES | 27.46 | 31.46 | 27.46 | 31.46 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|---------|
| Interbank Rate | 3.833% | 4.188% | -0.355 |
| 91-Day T-bill | 6.520% | 6.614% | -0.094 |
| 182-Day T-Bill | 6.984% | 7.101% | - 0.117 |
| 364-Day T-Bill | 7.506% | 7.576% | -0.070 |
| 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 | 0.15075 | -0.52671 | 0.09450 |
| 12 months | 0.24300 | -0.48600 | 0.17825 |

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index advanced on Thursday to 92.603, recovering much of the ground lost in the prior session after the head of the Federal Reserve told Congress he saw no need to rush the shift towards tighter post-pandemic monetary policy. The greenback was helped by data that showed the number of Americans filing new claims for unemployment benefits fell last week as the labor market steadily gains traction.

The GBP/USD pair plunged to \$1.3820 on Thursday amid mixed clues from the Bank of England (BOE) and the US Federal Reserve (Fed) policymakers, not to forget Brexit and coronavirus (COVID-19) concerns.

The euro was down on the day at the \$1.1810 region on Thursday. Concerns about the spread of the Delta covid variant persist in Europe.

The Japanese Yen inched up to 109.95 on Friday. The Bank of Japan (BOJ) concluded a two-day meeting earlier in the day, where it left its yield curve control target unchanged at -0.1% for short-term interest rates and 0% for 10-year bond yields. BOJ also cut the current fiscal year's growth forecast while maintaining that the economy was headed for a moderate recovery.

Elsewhere, global oil prices were on up Friday at \$73.47 per barrel but were headed towards the biggest weekly decline since mid-March 2021. Worsening outbreaks of COVID-19 involving the Delta variant in some countries and uncertainty over an Organization of the Petroleum Exporting Countries and allies (OPEC+) deal to boost supply clouded the short-term outlook for the black liquid.

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 | 1.1740 | 1.1960 |
| GBP/USD | 1.3610 | 1.4030 |
| USD/AED | 3.6610 | 3.6860 |
| USD/JPY | 108.50 | 111.90 |

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.