



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH AUGUST 2021

DOMESTIC NEWS

The Kenya shilling was little changed on Tuesday but is expected to come under pressure due to demand from merchandise and oil importers.

Other factors beyond just heightened demand for dollars include increased liquidity in the financial system and renewed uncertainty over the impact of the COVID-19 pandemic on the economy.

Similarly, tight global financial conditions attributed to uncertainty with regards to the COVID-19 pandemic continue to exert pressure on the local unit.

The rising Covid-19 cases in the country have renewed fears of more restrictions on economic activity which could pile further pressure on the shilling.

The shilling has almost lost all its gains against the greenback in the year so far with its gains at 0.04% having come down from as high as 1.3% with prospects of a fourth Covid wave on the horizon which could spell more doom and exert more pressure over the coming days.

By close of the day, the local unit stood at 109.35/55, compared to the day's opening of 109.30/50.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.95	112.95	106.45	112.45
GBP/KES	146.41	154.41	146.91	153.91
EUR/KES	124.70	131.70	125.20	131.20
AED/KES	27.80	31.80	27.80	31.80

Money Market Rates	Current	Previous	Change
Interbank Rate	2.8278%	2.7673%	0.061
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	0.15538	-0.53886	0.09513
12 months	0.23675	-0.49957	0.21413

(Source: Reuters)

INTERNATIONAL NEWS

The dollar advanced in early trade as markets look up to the minutes from the U.S. Federal Reserve's latest meeting due to be released later in the day for clues to the central bank's timeline for asset tapering and interest rate hikes.

Markets are worrying about Taliban's shock seizure of Kabul in Afghanistan, a slowing Chinese economy, and the rapid spread of the Delta coronavirus variant which has forced some lockdowns which in turn gives a boost to the greenback. U.S. Treasury yields rose after data showed that U.S. retail sales fell 1.1% in July as the virus has renewed global supply chain issues.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.08% to 93.073.

Pound edged up 0.12% to \$1.3745 as the market mood remained cautious amid unexpectedly weak U.S. retail sales heightened concerns about weakening global growth trumping upbeat UK employment data. Britain's economy extended its recovery with payrolls rising by 182,000 in July to 28.9 million. However, there are concerns that recent rises in employment growth and inflation will be short-lived after next month's ending of the UK's COVID-related furlough program.

Euro touched \$1.1702 in early session, its lowest since November 2020, before recovering slightly to \$1.1718 as investors have cut exposure to riskier currencies mostly on virus concerns.

Elsewhere, oil was up 0.07% with Brent at \$69.08 per barrel even as it recorded a fifth day of declines. The fuel demand outlook remains clouded, as restrictive measures to curb the uptick in COVID-19 cases globally also keeps transport usage levels low.

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	1.1610	1.1910
GBP/USD	1.3630	1.3930
USD/AED	3.6610	3.6865
USD/JPY	108.50	111.50

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