



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH JULY 2021

DOMESTIC NEWS

The Kenya shilling was stable on Friday, amid an increase in demand for dollars from energy importers as inflows slowed. Looking ahead today the pair is forecast to come under pressure as demand from energy and manufacturing sectors as well as merchandise importers might outweigh the inflows.

By close of the day, the local unit stood at 108.10/30, same as the previous day's closing.

The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 9,621 million (5.87 months of import cover) as at July 15. 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.

In a report by the Central Bank of Friday, remittance inflows remained strong in June 2021 amounting to USD 305.9 million compared to USD 288.5 million in June 2020 and USD 315.8 million in May 2021, in line with seasonal factors. The cumulative inflows in the 12 months to June 2021 totaled USD 3,383 million compared to USD 2,809 million in the same period in 2020, a 20.4% increase. The United States continues to be the largest source of remittances into Kenya, accounting for 58.8% of remittances in June 2021.

Elsewhere, international oil prices increased marginally during the week due to inventory drawdown in the US. Murban oil price (Kenya's benchmark) increased to \$71.75 per barrel on July 15 from \$69.98 per barrel on July 08.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.70	111.70	105.20	111.20
GBP/KES	144.83	152.83	145.33	152.33
EUR/KES	124.25	131.25	124.75	130.75
AED/KES	27.46	31.46	27.46	31.46

Money Market Rates	Current	Previous	Change
Interbank Rate	3.7592%	3.8333%	0.074
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	6.320%	5.870%	0.450
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.15213	-0.52357	0.09913
12 months	0.24213	-0.48686	0.19613

(Source: Reuters)

INTERNATIONAL NEWS

The dollar was up in early trade remaining near its highest levels in months as COVID-19 cases continue to increase globally, in turn prompting concerns about the global economic recovery. The spread of the delta variant made investors nervous and sent money into safety. Countries such as Australia and South Korea reimposed restrictive measures to curb their latest outbreaks, while the first cases were reported in the Olympic village in Japan ahead of the start of the Tokyo Olympic Games on Jul. 23.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.02% to 92.707.

Pound inched down 0.09% to \$1.3755 despite hopes that were pinned on the U.K.'s COVID-19 vaccination drive as the number of cases has spiked lately. Nonetheless, England is due to lift most of its COVID-19 restrictive measures today, or 'Freedom Day'.

EUR edged lower to \$1.1800 for the third consecutive day ahead of the European Central Bank handing down its policy decisions on Thursday. Market expects the ECB to maintain a cautiously optimistic outlook for the economic recovery in the euro-zone but continue to acknowledge downside risks posed by the spread of the Delta variant.

Elsewhere, Oil was down in morning trade with prices falling more than 1% with Brent at \$72.74 per barrel as markets continued to digest the Organization of the Petroleum Exporting Countries and allies (OPEC+) agreement to boost output that was reached over the weekend. The cartel will add 400,000 barrels a day every month from August 2021 onwards until all the output that was halted due to COVID-19 is revived.

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	1.1680	1.1980
GBP/USD	1.3630	1.3930
USD/AED	3.6610	3.6865
USD/JPY	108.00	111.00

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