



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH AUGUST 2021

DOMESTIC NEWS

The Kenya shilling was little changed on Thursday although it was under pressure due to dollar demand from various importers particularly from the energy sector as well as demand for dividend payments for repatriation which has outstripped supply from tea and horticulture exporters. Additionally global crude oil prices are pointing to a steep rise in the coming months adding a spike in demand for dollars by local oil importers.

There is also speculation that corporates are converting their Shillings into US Dollars to hedge against perceived inflation in the coming months. Tight global financial conditions attributed to uncertainty with regards to the Covid-19 pandemic continue to exert pressure on the local unit.

By close of the day, the local unit stood at 109.45/65, compared to the day's opening of 109.40/60.

Elsewhere, Kenya has saved KES 99.73 billion in deferred repayments for its external debt for the year ended June 2021 following a deal with several rich nations, lifting pressure on its thin domestic revenue collection. The savings helped free up cash for economic recovery programmes at a time the National Treasury was facing shortfalls in revenue largely due to reduced earnings by companies and households. The reduced earnings also hit growth in consumption. The country expects to save as another KES 39.50 billion if the request to suspend debt servicing up to December 2021 is granted by bilateral creditors.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.00	113.00	106.50	112.50
GBP/KES	145.17	153.17	145.67	152.67
EUR/KES	124.45	131.45	124.95	130.95
AED/KES	27.81	31.81	27.81	31.81

Money Market Rates	Current	Previous	Change
Interbank Rate	3.2280%	3.0272%	0.201
91-Day T-bill	6.599%	6.527%	0.072
182-Day T-Bill	7.104%	7.117%	0.013
364-Day T-Bill	7.420%	7.418%	0.002
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	0.15838	-0.54157	0.09463
12 months	0.23500	-0.50000	0.21325

(Source: Reuters)

INTERNATIONAL NEWS

The dollar is up in early trade remaining near a nine-and-a-half month high as persistent COVID-19 concerns continued to give the safe-haven asset a boost. The Delta strain continues with its relentless upward tick with the U.S. reporting the most deaths since February 2021. The variant could delay the global economic recovery.

Additionally, minutes from the U.S. Federal Reserve's latest meeting which hinted that asset tapering could start as soon as 2021 also continued to give the U.S. currency a boost. However, divisions remain on the timing and pace of a taper, and whether inflation, joblessness or the coronavirus pandemic pose a bigger risk to economic recovery.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.01% to 93.602.

Pound touched a fresh one-month low of \$1.3624 before trading 0.07% higher at \$1.3638. Millions of Britons have spent the past 17 months working from home as measures imposed to contain the coronavirus pandemic shut offices and restricted travel.

Euro ticked up 0.05% to \$1.1685, but still traded near the 9 1/2-month low of \$1.1665 reached overnight. It is down 0.94% this week, the most since mid-June. Accelerated vaccination drives are kickstarting the eurozone's dominant services sector but the rise in Delta infections could start to dent optimism. The common currency is thus in the hands of market risk sentiment and COVID-19 news.

Elsewhere, oil prices came off three-month lows with Brent at \$66.72 per barrel but were on track for a weekly decline of around 6% as new lockdowns in countries with low vaccination rates facing surging cases of the Delta variant dimmed the outlook for 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	1.1550	1.1850
GBP/USD	1.3510	1.38100
USD/AED	3.6610	3.6865
USD/JPY	108.50	111.50

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