



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH MAY 2021

DOMESTIC NEWS

The shilling waffled to the weaker side on Wednesday as demand for the greenback dominated the market. The narrative of a higher dollar demand side persisted in the local FX market as players held on to paltry inflows, leaving the local currency somewhat weaker by close of business. In today's session, the home unit remains exposed to further downside risks weighed down by burgeoning dollar demand. That said, players continue to keep an eye on any new developments and flows continue to guide the direction for the USDKES pair. By close of the day, the local unit stood at 107.85/05, as compared to the previous day's close of 107.60/80.

In the meantime, Kenya is set to receive \$410 million (Sh44billion), being the second payment of the overall \$2.34 billion IMF loan approved in April. This is after a team conducted a virtual mission to Kenya from April 29 to May 14 to discuss progress on reforms. They also looked at the government's policy priorities within the context of the first review of Kenya's economic program supported by the IMF. Early last month, IMF made an initial disbursement of Sh34 billion immediately after the board approved the 38-month programme, promising to send the second tranche before the close of the current financial year. The IMF projects the economy to expand by 6.3 per cent in 2021.

Indicative Forex Rates

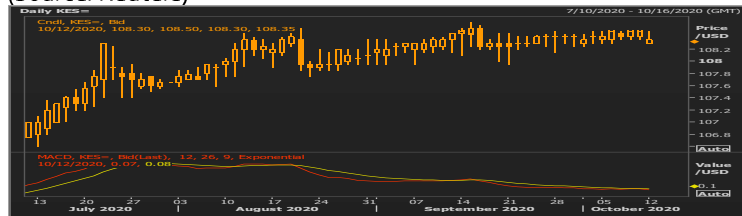
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.45	111.45	104.95	110.95
GBP/KES	148.50	156.50	148.95	155.95
EUR/KES	128.10	135.10	128.60	134.60
AED/KES	27.89	30.89	27.89	30.89

Money Market Rates	Current	Previous	Change
Interbank Rate	4.855%	4.823%	0.032
91-Day T-bill	7.156%	7.152%	0.004
182-Day T-Bill	7.995%	7.990%	0.005
364-Day T-Bill	9.365%	9.424%	0.059
Inflation	5.760%	5.900%	0.140
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.18375	-0.52586	0.10175
12 months	0.26275	-0.48771	0.16850

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index plunged on Wednesday to 90.123 as the U.S. Federal Reserve meeting minutes revealed that policymakers suggested a slowdown of bond purchase due to a sign of accelerating inflation. Investors were caught by surprise as Fed Chairman Jerome Powell and other Fed officials had reiterated that the Fed would stick to its current dovish policy as any rising inflation would be temporary.

The GBP/USD flumped to \$1.4113 on Wednesday as The Bank of England says inflation in Britain is heading above its 2% target and will hit 2.5% at the end of 2021 thanks to a rise in global oil prices and the expiry in September of COVID-19 emergency cuts to value-added tax in the hospitality sector, as well as comparisons with the pandemic slump of 2020. Money market pricing of BOE rate hikes after the inflation data were just a shade higher.

The euro flirted at \$1.2185 levels on Wednesday as the currency major pair licks FOMC Minutes-led wounds as US Treasury yields trim the previous day's gains, the highest in a week. Looking forward, comments from the ECB President Christine Lagarde will be followed for fresh impulse.

The Japanese Yen was down 0.07% to 109.14 as April's trade data released earlier in the day exceeded expectations. Exports grew 38.0% year-on-year, imports increased 12.8% year-on-year and the trade balance gained 225.3 billion.

Elsewhere, global oil prices fell on Thursday to \$66.60 per barrel, after a slump in the previous session, as rising U.S. stockpiles added to concerns about a hit to demand from surging coronavirus infections in Asia and possible U.S. rate hikes.

Indicative Profit Rates on Deposits

	Amounts > 10 Million		Amounts > 100,000	
	KES	USD	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	
	Value / USD	Value / USD	Value / USD	Value / USD
EUR/USD	1.2010	1.2260		
GBP/USD	1.4020	1.4170		
USD/AED	3.6610	3.6865		
USD/JPY	107.80	110.90		

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.