



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 21<sup>ST</sup> MAY 2021

### DOMESTIC NEWS

The shilling was on the back foot on Friday as pressure mounted from dollar buyers across the energy and manufacturing sectors. Resurgent dollar demand pushed the USDKES pair up while the foreign currency inflows that previously offered support to the local unit thinned out, leaving the home unit exposed. By close of the day, the local unit stood at 108.15/35, as compared to the previous day's close of 107.85/05.

In the meantime, The National Treasury needs a stronger revenue forecasting capacity to avoid over-ambitious budget plans (IEA) that have driven the country into debt, the Institute of Economic Affairs has said. In a report analyzing the national government spending and fiscal reporting commissioned by the National Democratic Institute (NDI), the IEA criticized the government for more than tripling revenue forecast from 5.5 per cent in 2014 to above 19 per cent in the last financial year. Kenya has failed to meet domestic revenue targets for the past five years, a situation that has seen it opt for borrowing to bridge budget deficits. Credit rating agency Moody's agrees with IEA findings on Kenya's huge expenditure appetite, calling on the country's authorities to set reasonable budgets and exercise responsible borrowing. The firm projects the country's debt and interest burdens to peak to 72.6 per cent of GDP and around 28 per cent of revenue by 2023, up from 65 per cent in 2020.

#### Indicative Forex Rates

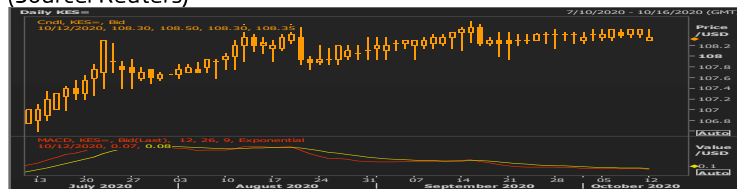
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.70	111.70	105.20	111.20
GBP/KES	149.50	157.50	150.05	157.05
EUR/KES	128.85	135.85	129.40	135.40
AED/KES	27.96	30.96	27.96	30.96

Money Market Rates	Current	Previous	Change
Interbank Rate	4.922%	4.855%	0.067
91-Day T-bill	7.155%	7.156%	-0.001
182-Day T-Bill	7.953%	7.995%	-0.042
364-Day T-Bill	9.284%	9.365%	-0.081
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 was down on Thursday to 89.725, staying near milestone lows and set to record a weekly loss. Investors' risk appetite increased as concerns about the U.S. Federal Reserve's hint of tapering eased, and economic recovery from COVID-19 gave other currencies a boost against the greenback. Investors also seem less concerned about the Fed's minutes from its latest meeting, which hinted at a scale-back of asset purchases.

The GBP/USD pair plummeted to \$1.4185 on Thursday as investors await U.K. retail sales data for April due later in the day. The U.K. will also release its composite, manufacturing and services purchasing managers' indexes for May.

The euro remains side-lined around multi-day high above \$1.2200 on Thursday. Given the sluggish markets and gradual opening of EU, as well as the US, economies, coupled with the boosting vaccinations, the preliminary readings of May month PMI from Germany.

The Japanese Yen inched up 0.02% to 108.78 as April's data released earlier in the day showed the national core consumer price index (CPI) contracted 0.1% year-on-year, better than the 0.2% contraction in forecasts prepared by investing.com, while its national CPI contracted 0.4% month-on-month, which was larger than March's 0.2% growth.

Elsewhere, global oil prices nudged up on Friday to \$65.23 per barrel, recovering from three days of losses as investors braced for the return of Iranian crude supplies after officials said Iran and world powers made progress on talks to revive a 2015 nuclear deal.

#### 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	1.2110	1.2270
GBP/USD	1.4030	1.4270
USD/AED	3.6610	3.6865
USD/JPY	107.90	110.95

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.