



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD JULY 2021

DOMESTIC NEWS

The Kenya shilling was steady on Thursday as dollar inflows were evenly matched with demand from importers. It is expected to weaken next week due to end month importer demand and excess liquidity in the local money markets as the government continues to release payments to contractors and its agencies.

However, the volatility could be capped supported by sufficient foreign currency reserves at the apex bank to cushion the local unit. By close of the day, the local unit stood at 108.10/30, same as the previous day's closing.

The liquid market is also a result of reduced government appetite for local borrowing largely due to the receipt of proceeds of foreign loans from the International Monetary Fund, World Bank, and the recently issued Eurobond IV.

July Treasury bills and bond maturities worth KES 123.8 billion have also flowed into the money market.

A United Nations World Investment report indicates that Global foreign direct investment (FDI) flows are projected to recover this year, after a 35% drop last year due to the covid19 crisis. The lockdowns witnessed around the globe led investors to pause investment projects and made companies to shy away from new projects.

All eyes now are on Banks to see if they will increase their lending to the private sector as the economy continues to recover from the Covid-19 shutdown since they are under less pressure to meet their daily cash requirements.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.70	111.70	105.20	111.20
GBP/KES	144.93	152.93	145.43	152.43
EUR/KES	123.86	130.86	124.36	130.36
AED/KES	27.46	31.46	27.46	31.46

Money Market Rates	Current	Previous	Change
Interbank Rate	3.0527%	3.3364%	0.284
91-Day T-bill	6.477%	6.520%	0.043
182-Day T-Bill	6.955%	6.984%	0.029
364-Day T-Bill	7.432%	7.506%	0.074
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	0.15313	-0.52057	0.09375
12 months	0.24300	-0.48643	0.18788

(Source: Reuters)

INTERNATIONAL NEWS

The dollar is set to end the week close to where it started following a roller-coaster week in which currencies were tossed around by shifting risk appetite, with the market's focus now shifting to next week's U.S. Federal Reserve meeting. Higher-than-expected U.S. jobless claims data also raised concerns about the world's largest economy's recovery from the pandemic.

The dollar index is on track to advance 0.1% for the week, having barely budged overnight to stand at 92.782. Strong U.S. stocks earnings helped investors regain some of the confidence lost to earlier worries the Delta variant of the coronavirus could derail the global recovery.

Euro was 0.2% lower at \$1.1770 after the European Central Bank left its benchmark rate at 0% and its commitment to purchase €1.85 trillion through March 2022 unchanged, as widely expected, at a time when many peers are mulling exiting pandemic-era stimulus. ECB President Christine Lagarde said a fresh wave of the coronavirus pandemic could pose a risk to the region's recovery.

Pound recovered from losses to trade 0.1% higher at \$1.3765 kept afloat by the recovery in risk sentiment even with COVID-19 cases broadly on the rise. The rollout of COVID-19 vaccines allowed economies to re-open bringing optimism to positive economic recovery. However, the emergence and spread of the COVID-19 Delta variant have slowed that rally down as countries re-impose restrictive measures to curb the spread of their latest outbreaks.

Elsewhere, oil is down 0.37% with Brent at \$73.52 per barrel but held onto the bulk of a three-day advance as optimism that rising demand will tighten the global market prevailed. The resolution of the OPEC+ dispute will see 400,000 barrels a day added to the market from August until supply cuts imposed at the outset of COVID-19 are fully reversed.

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	1.1650	1.1850
GBP/USD	1.3650	1.3950
USD/AED	3.6610	3.6865
USD/JPY	109.00	112.00

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