



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

## TREASURY MARKET UPDATE 24<sup>TH</sup> AUGUST 2021

### DOMESTIC NEWS

A choppy Monday session saw the home unit sink further against the greenback. Foreign currency demand to spin the USD/KES currency pair in favor of the greenback. The Kenyan currency closed the session on the defensive as demand from importers offset the waning supply. In the new day, markets remain focused on flows to determine direction for the USD/KES pair, with players inclined to a weaker shilling amid limited foreign currency inflows. By close of day, the local unit stood at 109.55/109.75 as compared to Friday's close of 109.45/109.65.

The Central Bank of Kenya (CBK) has invited bids for a 21-year amortized infrastructure bond worth KSh 75 billion in September 2021. The purpose of the bond is to fund infrastructure projects as outlined in the 2021/2022 National Budget Estimates. This is the third time CBK is inviting bids for an infrastructure Bond Offering this year, following the issues in January (16-year) and April (18-year). This infrastructure bond will be sold between 20th August 2021 and 7th September 2021, with a payment date of 13th September 2021. It will be tax-free as provided for under the tax laws. According to the prospectus by the CBK, the redemption structure is 1st September 2031-50% of unencumbered outstanding principal amount and 18th August 2042 for 100% -Final redemption of all outstanding amounts. The Central Bank will rediscount the bond at 3% above the prevailing market yield or coupon rate, whichever is higher.

#### Indicative Forex Rates

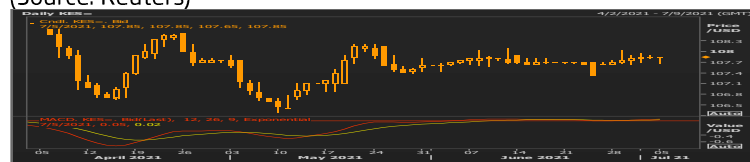
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.10	113.10	106.60	112.60
GBP/KES	146.45	154.45	146.95	153.95
EUR/KES	125.20	132.20	125.70	131.70
AED/KES	27.84	31.84	27.84	31.84

Money Market Rates	Current	Previous	Change
Interbank Rate	3.394%	3.540%	-0.146
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	6.400%	6.300%	0.100
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.15263	-0.54629	0.09313
12 months	0.23663	-0.50314	0.20963

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was smarting on Monday at 93.038 following its sharpest one-day fall since May, though traders were wary of chasing the mood-driven move lower ahead of a Federal Reserve symposium that could map out an end to stimulus and asset purchases. Hopes are also growing that the U.S. Federal Reserve could delay its planned asset tapering thanks to the continuing spread of COVID-19. Investors now look to the Fed's annual Jackson Hole symposium, due to take place from Aug. 26 to Aug. 28. The central bank is widely expected to provide clues for its next steps regarding asset tapering and interest rate hikes.

The GBP/USD pair stood at \$1.3720 on Monday. The pound has had its worst week in two months last week due to worries surrounding the Delta coronavirus variant that has derailed the global recovery potential. However, domestically, the pound strengthened despite survey data published showing Britain's post-lockdown economic rebound slowed sharply in August, as companies struggled with unprecedented shortages of staff and materials.

The euro struggled around \$1.1735 on Monday as the preliminary readings of the US and Eurozone PMIs for August came in softer than expected, suggesting the need for further easy-money policies.

Elsewhere, global oil prices rose on Tuesday to \$68.96 per barrel after the U.S. drug regulator granted full approval to the Pfizer Inc/BioNTech two-dose vaccine for emergency use for people aged 16 and older, stoking investor hopes that higher fuel demand would follow a potential step up in U.S. coronavirus vaccination rates.

#### 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	1.1610	1.1875
GBP/USD	1.3605	1.4250
USD/AED	3.6605	3.6870
USD/JPY	108.40	111.90

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.