



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 24TH MAY 2021

DOMESTIC NEWS

The Kenya shilling weakened on Friday, underpinned by importer dollar demand as they prepare to meet their end-month obligations. The local unit is experiencing temporary weakness supported by a liquid market due to government payments, which partly offset tax remittances amid thin supply.

However, the pressure is likely to ease in the coming months due to expected inflows from the International Monetary Fund (\$410 million) and the World Bank Group (\$825 million) before end of current financial year next month.

By close of the day, the local unit stood at 108.15/35, compared to the day's opening of 108.00/20.

The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 7,546 million (4.61 months of import cover) as at May 20. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover.

Elsewhere, Safaricom in a consortium made up of Vodafone, Japan's Sumitomo and UK finance agency CDC Group has been awarded a license to operate telecommunication services in Ethiopia, Africa's second-most populous country.

Indicative Forex Rates

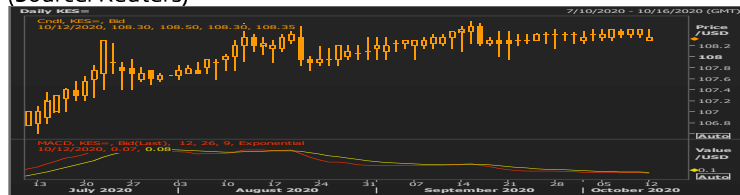
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.75	111.75	105.25	111.25
GBP/KES	149.21	157.21	149.71	156.71
EUR/KES	128.42	135.42	128.92	134.92
AED/KES	27.47	31.47	27.47	31.47

Money Market Rates	Current	Previous	Change
Interbank Rate	4.9846%	4.9225%	0.062
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	0.17875	-0.52529	0.10625
12 months	0.25963	-0.48743	0.16288

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar stood near its lowest level in three months as markets pared earlier bets that the Federal Reserve may move soon to taper its stimulus though markets were not fully convinced that higher U.S. inflation is transient.

Minutes from the Fed's April policy meeting showed a sizable minority of policymakers wanted to discuss tapering bond purchase on worries that pouring more money to an economy on the mend could stoke inflation.

Fed Chairman Jerome Powell's repeated comments that it is not yet time to discuss a reduction in quantitative monetary easing.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies was hovering at 90.045.

Euro traded flat at \$1.2185 but bolstered by rising optimism about economic re-openings in the bloc from coronavirus lockdowns. The gains were however capped by comments from European Central Bank President Christine Lagarde on Friday that it is still too early for the bank to discuss winding down its 1.85 trillion euro emergency bond purchase scheme.

Pound drops for the second consecutive day to trade at \$1.4155 as it struggles to justify tapering fears and upbeat sentiment over the UK's easing of virus-led activity restrictions, not to forget Brexit woes. UK diplomats seem confident over June 21 unlock deadline amid upbeat vaccine performance on Indian variant of covid-19.

Elsewhere, oil prices rose 0.5% with Brent at \$66.76 on as a storm formed in the Gulf of Mexico and Iran said a three-month nuclear monitoring deal had expired, raising doubts about the future of indirect talks that could end U.S. sanctions on Iranian crude exports.

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	1.2050	1.2350
GBP/USD	1.4020	1.4320
USD/AED	3.6610	3.6865
USD/JPY	107.50	110.50

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