



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH AUGUST 2021

DOMESTIC NEWS

Tuesday's trading saw the USD/KES pair drift higher on account of improved U.S dollar appetite. The pair began its climb relatively early as interbank and corporate players took to mild dollar buying, fueling a slight hike in the spot price. With dwindling foreign currency inflows, the local unit ended the day on the back foot. In the absence of other mitigating factors, the recently established trough should hold as flows drive the pair's direction. By close of day, the local unit stood at 109.55/109.75 as compared to Monday's close of 109.50/109.70.

Kenya's import bill rose to Sh992 billion in the first six months of 2021 from Sh777 billion in the same period in 2020 as the economy slowly recovers from the Covid-19 impact. Central Bank of Kenya (CBK) data shows the value of commercial imports in the six months to June amounted to Sh959 million from Sh752 million last year. Government imports also rose by more than 30 per cent to Sh32.6 billion at the end of the first half of 2021 an increase from Sh24.4 billion same period last year. The high import bill is attributed to reduced activities in the local manufacturing sector during the period under review amid high demand, especially for machinery. Growth momentum in Kenya's private sector has been falling since the beginning of the financial year, with businesses reporting weaker expansions in output, new orders, employment, and purchasing.

Indicative Forex Rates

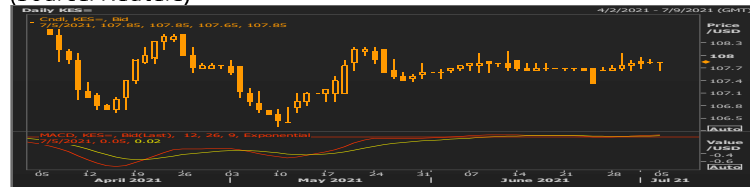
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.15	113.15	106.65	112.65
GBP/KES	146.40	154.40	146.90	153.90
EUR/KES	125.25	132.25	125.70	131.70
AED/KES	27.85	31.85	27.85	31.85

Money Market Rates	Current	Previous	Change
Interbank Rate	3.574%	3.394%	0.180
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	0.15300	-0.54643	0.09363
12 months	0.23700	-0.50071	0.21288

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was up on Tuesday at 93.045, trading near a one-week low. Investors are turning away from the safe-haven asset as COVID-19 concerns that clouded the economic recovery outlook eased. The U.S. FDA's full approval of the Pfizer Inc. BioNTech SE COVID-19 vaccine earlier in the week has raised hopes that inoculations rates will rise and has increased the global risk appetite. However, some investors are betting that the continuing spread of COVID-19 will diminish the chances that the Fed will announce a timeline for both asset tapering and interest rate hikes at its' annual Jackson Hole symposium, taking place from Aug. 26 to 28.

The GBP/USD pair gained momentum on Tuesday and rose to test daily highs slightly below 1.3750 and again it failed and pulled back toward 1.3700. Data released showed a larger than expected decline in the Richmond Fed Manufacturing Index dropped more than anticipated in August to 9 from 27. A separate report showed New Home Sales increase 1% in July to 708K (annual rate), above the 700K of market consensus.

The euro snapped a three-day uptrend at \$1.1730 on Tuesday. For an immediate direction, the German IFO sentiment figure for August could also help the EUR/USD traders after the previous day's firmer GDP data from the bloc's largest economy. Above all, Fed Chair Jerome Powell's speech the Jackson Hole becomes the key event of the week.

Elsewhere, global oil prices fell on Wednesday to \$70.85 per barrel, taking a breather after a strong rally this week spurred by the loss of a quarter of Mexico's production and signs that China, the world's biggest importer, has curbed a recent coronavirus outbreak.

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	1.1620		1.1880
GBP/USD	1.3605		1.4160	
USD/AED	3.6605		3.6870	
USD/JPY	108.50		111.95	

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.