



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH JUNE 2021

DOMESTIC NEWS

The Kenya shilling was unchanged against the dollar on Thursday as demand matched dollar inflows from the diaspora. It is a liquid market flush with greenback from external loans. The local unit is forecast to trade stronger against the dollar in the coming week on this basis.

By close of the day, the local unit stood at 107.65/85, same as the day's opening.

In the local money markets, interest rates on short term government securities fell for the third straight week as a liquid market saw investors compete to lend to government. The lower interest rates are a result of a highly liquid market that has not met matching demand for cash from the government. The lack of appetite for local debt has been driven in part by the government's new borrowings from external lenders.

Elsewhere, the International Monetary Fund (IMF) Executive Board has approved the disbursement of a further \$407 million representing the second part of Kenya's \$2.34 billion three-year loan facility. These new flows take Kenya's total disbursements from the program to \$714.5 million. The funds are expected to be channeled to budgetary support as well as addressing debt vulnerabilities and supporting the response to the COVID-19 crisis.

Indicative Forex Rates

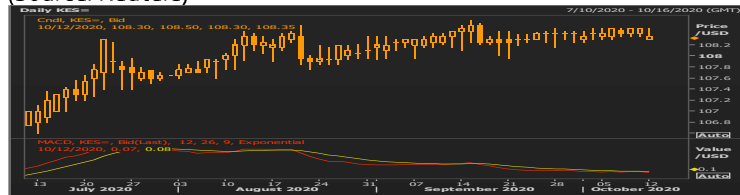
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.25	111.25	104.75	110.75
GBP/KES	146.05	154.05	146.55	153.55
EUR/KES	125.15	132.15	125.65	131.65
AED/KES	27.33	31.33	27.33	31.33

Money Market Rates	Current	Previous	Change
Interbank Rate	4.6875%	4.4219%	0.267
91-Day T-bill	6.860%	7.000%	0.140
182-Day T-Bill	7.317%	7.536%	0.219
364-Day T-Bill	7.729%	8.105%	0.376
Inflation	5.870%	5.7600%	0.110
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.15938	-0.52286	0.11213
12 months	0.24350	-0.48586	0.18188

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was down in early trade but remained near multi-month highs as weary investors await further inflation data to close the week. U.S. economic data released yesterday showed that the GDP rose 6.4% quarter-on-quarter in the first quarter of 2021. Markets are still digesting the U.S. Federal Reserve's surprise hawkish turn as it handed down its policy decision last week, although comments from Fed Chairman and other officials throughout the week calmed nerves about an imminent interest rate hike.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.03% to 91.767.

Euro rose to \$1.1940 after both French and German business confidence jumped above forecasts, with French levels reaching their highest levels since mid-2007.

Pound nursed a modest loss to trade at \$1.3930 after the Bank of England (BOE) shied away from hiking interest rates in its latest policy decision hinting that the central bank was in no hurry to hike interest rates and warning against "premature tightening". Combined with rising Covid-19 cases in England which soared by around 40% yesterday markets have become more cautious about the outlook for the British economy. Fears that the lifting of lockdown measures planned for July could be delayed are on the horizon.

Elsewhere, oil was up 0.03% with Brent at \$75.58 per barrel ending the week with small gains in an otherwise volatile session as investors await an upcoming Organization of the Petroleum Exporting Countries and allies (OPEC+) meeting next week on whether the cartel will implement a widely expected supply hike.

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	1.1810	1.2110
GBP/USD	1.3810	1.4110
USD/AED	3.6610	3.6865
USD/JPY	109.50	112.50

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