



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

## TREASURY MARKET UPDATE 26TH JULY 2021

### DOMESTIC NEWS

The Kenya shilling slid marginally against the dollar on Friday due to due to increased importer demand amid subdued inflows from exports. End month demand is forecast to play out this week and thus we that the local unit might weaken.

By close of the day, the local unit stood at 108.20/40, compared to the day's opening of 108.10/30.

The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 9,371 million (5.73 months of import cover) as at July 22. 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.

In a report by the Central Bank of Friday, yields on Kenya's Eurobonds in the international market rose by an average of 1.4 basis points partly as a factor of a general decline in Eurobond issuance amidst increased investor appetites in recent months.

However, a deceleration in yields on most short term maturities supported by gains in a strong shilling will ensure that the country spends less in meeting upcoming repayments for its Eurobond debt.

Elsewhere, international oil prices fell during the week due to inventory build-up. Murban oil price (Kenya's benchmark) declined to \$70.78 per barrel on July 22 from \$71.75 per barrel on July 15.

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.80	111.80	105.30	111.30
GBP/KES	144.96	152.96	145.46	152.46
EUR/KES	124.09	131.09	124.59	130.59
AED/KES	27.48	31.48	27.48	31.48
Money Market Rates	Current	Previous	Change	
Interbank Rate	3.1931%	3.0527%	0.140	
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	0.15850	-0.52329	0.08788
12 months	0.24138	-0.49043	0.18450

(Source: Reuters)

### INTERNATIONAL NEWS

The dollar was down in early trade but remained near its strongest level since early April 2021 as markets await the U.S. Federal Reserve's latest policy decision, due to be handed down on Wednesday. Progress in the U.S. economic recovery from COVID-19 is increasing the likelihood that the Fed will begin asset tapering as early as 2021. The greenback is thus forecast to strengthen throughout the week. However, the risk to this outlook is the surge in COVID-19 cases in the U.S., which came after the Fed's last meeting on Jun. 16 which did not mention COVID-19 among the threats to the economy. The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.07% to 92.862.

Pound inched up 0.02% to \$1.3760 as Britain's economic rebound slowed sharply in July when a spike in COVID-19 cases forced hundreds of thousands of workers to self-isolate under government rules despite London lifting all quarantine restrictions earlier in the week.

Euro is trading at \$1.1785 a day after the European Central Bank (ECB) held the monetary policy steady but near the previous week's high of \$1.1752, not seen since Apr. 05. Markets expect any COVID-19 news updates to draw attention to the single currency. Possibility of tougher restrictions for those unvaccinated has been floated in Germany.

Elsewhere, Oil is down in early trade 1.16% with Brent at \$72.59 per barrel but remained little changed even as increasing numbers of COVID-19 cases globally continue to cloud the fuel demand outlook. There are robust signs that demand for fuels has increased as vaccination programs are rolled out, although the fast-spreading delta variant has raised concerns about the short-term outlook.

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	109.10	112.00

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