



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

## TREASURY MARKET UPDATE 26TH MAY 2021

### DOMESTIC NEWS

The Kenya shilling firmed against the dollar on Tuesday helped by export dollar inflows which curbed expectations of a rally. In today's session, the local unit remains exposed to depreciation due to end month dollar demand from key sectors. However, sufficient foreign exchange reserves, a rebounding flower exports and lower dividend repatriation for companies continue to provide a buffer for the shilling against extreme depreciation. By close of the day, the local unit stood at 107.60/80, compared to the day's opening of 107.85/108.05. Elsewhere, eyes will be on the monetary policy team of the Central Bank of Kenya (CBK) as it meets today amid projections that inflation would edge higher on costlier fuel against a backdrop of a fragile economy. Kenya's year-on-year inflation slipped to 5.76% in April after rising for four consecutive months to 5.90% in March. That said, the slowing of headline inflation in April could be related to lockdown restrictions instituted during the same period to curb a rise in covid-19 cases. A relatively stable currency may ease price pressures in the coming months mostly due to food and transportation base effects. In the 2021/22 Budget, KES 26.6 Billion has been set aside to implement a post-COVID-19 recovery plan, with KES 8 Billion to provide liquidity to businesses. However, the benchmark rate is unlikely to change, given the need to stimulate economic growth in the country.

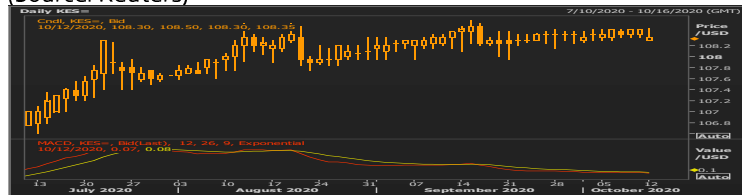
#### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.20	111.20	104.70	110.70
GBP/KES	148.58	156.58	149.08	156.08
EUR/KES	128.57	135.57	129.07	135.07
AED/KES	27.32	31.32	27.32	31.32
Money Market Rates	Current	Previous	Change	
Interbank Rate	5.1044%	5.0566%	0.048	
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	0.17663	-0.52214	0.10413
12 months	0.25825	-0.48643	0.16338

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The dollar extended its nearly two-month slide against major peers on Tuesday as U.S. Treasury yields fell and the yield curve flattened on U.S. Federal Reserve arguments for easy monetary policy despite current inflationary forces. The greenback has declined on the belief that low U.S. rates will drive cash abroad to capture gains now that other economies are beginning to recover more quickly from the pandemic. It is likely be weak against many currencies until markets see stronger U.S. economic data and interest rates. Stronger data could come on Friday with new readings on U.S. core consumer prices in April and a survey of purchasing managers. The U.S. dollar index, which measures the greenback's strength against a trade-weighted basket of six major currencies, fell by 0.23% to 89.63.

Euro climbed 0.32% to \$1.2260 as the EU continues to step up its pace of vaccinations. Germany, the engine of the EU economy, reported business sentiment data for May that topped market expectations. The outlook for the Eurozone's economy continues to improve, with many key economies in the block further easing lockdown restrictions this month.

The British pound stalled at \$1.4160 as though it could not break through \$1.4200 as it needs fresh evidence of British economic strength to get back to the 2021 high of \$1.4240. There are also growing concerns that rising cases of Covid-19 could delay the Government's roadmap to further ease lockdown restrictions next month. Elsewhere, oil was up 0.1% with Brent at \$68.56 per barrel on hopes that the lifting of COVID-19 restrictions in some countries such as the U.S., Europe and China, as well as the imminent beginning of the U.S. summer driving season, will brighten the fuel demand 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	1.2125	1.2425
GBP/USD	1.4040	1.4340
USD/AED	3.6610	3.6865
USD/JPY	107.50	110.50

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.