



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 27TH AUGUST 2021

DOMESTIC NEWS

The shilling waffled to the weaker side on Thursday as demand for the greenback dominated the market. The narrative of a higher dollar demand side persisted in the local FX market as players held on to paltry inflows, leaving the local currency somewhat weaker by close of business. In today's session, the home unit remains exposed to further downside risks weighed down by burgeoning dollar demand. That said, players continue to keep an eye on any new developments and flows continue to guide the direction for the USDKES pair. By close of day, the local unit stood at 109.70/109.90 as compared to Wednesday's close of 109.60/109.80.

Kenya has earned Sh80.8 billion (\$737.6 million) worth of special drawing rights (SDRs) from the International Monetary Fund (IMF). This is part of the \$650 billion (Sh71.3 trillion) special reserve announced on Monday by the IMF, meant to support countries during emergencies mainly by cushion them from expensive loans. It is the largest allocation of SDRs in history. The SDRs refer to interest-bearing international reserve assets created by the multi-lateral lender in 1969 to supplement other reserve assets by member countries. It is not a loan or currency but is a claim on free usable currencies of IMF members. Kenya can choose to hold the SDRs as part of its foreign exchange reserves. To magnify the benefits of this allocation, the IMF is encouraging voluntary channeling of some SDRs from countries with strong external positions to countries most in need.

Indicative Forex Rates

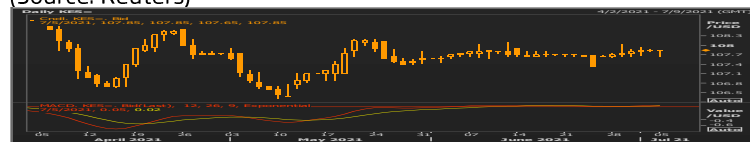
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.30	113.30	106.80	112.80
GBP/KES	146.45	154.45	146.90	153.90
EUR/KES	125.65	132.65	126.15	132.15
AED/KES	27.89	31.89	27.89	31.89

Money Market Rates	Current	Previous	Change
Interbank Rate	3.548%	3.463%	0.085
91-Day T-bill	6.741%	6.599%	0.142
182-Day T-Bill	7.195%	7.104%	0.091
364-Day T-Bill	7.492%	7.420%	0.072
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	0.15800	-0.54700	0.09838
12 months	0.23750	-0.50071	0.21600

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index paused on Thursday at \$92.807 as investors awaited a highly anticipated speech by Federal Reserve Chair Jerome Powell on Friday following small gains the after fresh calls for early tapering from a few hawkish Fed policymakers. A dovish tone from the Fed's chief could counter worries about economic damage from the Delta coronavirus variant and fears about political fallout from a bomb attack in Kabul, possibly spurring bids in riskier currencies against the dollar. The rough consensus in the market is that Powell will likely announce tapering in the fourth quarter, giving a clear signal at one meeting before the actual announcement.

The GBP/USD pair tested the \$1.3700 levels on Thursday as worries about the recent spike in coronavirus cases in the UK acted as a headwind for the British pound, which contributed to the offered tone surrounding the GBP/USD pair. Nonetheless, the downside is likely to remain cushioned, at least for now, ahead of Fed Chair Jerome Powell's speech.

The euro picked up bids at \$1.1760 on Thursday. However, mixed headlines from China, New Zealand and doubts over Fed's tapering seem to favor the recent consolidation in prices. Be it tailor-made extended lockdown in New Zealand or China Commerce Ministry's confirmation that the Sino-American relations are soothing, market sentiment cheered both amid a light calendar.

Elsewhere, global oil prices were up Friday to \$70.60 per barrel and is set to end the week on a high note. Energy companies began shutting down production in the Gulf of Mexico ahead of a potential hurricane forecast to hit on the weekend, increasing concerns about the near-term supply disruption.

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	1.1630	1.1860
GBP/USD	1.3625	1.4070
USD/AED	3.6605	3.6870
USD/JPY	108.40	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.