



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH JUNE 2021

DOMESTIC NEWS

The Kenya shilling was stable on Friday amid low demand for dollars from importers. Muted activity across the counters saw the local unit stagnate, ending the session at the same opening level. Dollar demand has largely matched supply during the past week thus causing the pair to be stable. Looking ahead today the pair is forecast to trade within range as end month demand from energy and manufacturing sectors as well as merchandise importers is expected to kick in. However, inflows from external loans are expected to support the shilling against adverse weakening.

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

The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 8,114 million (4.96 months of import cover) as at June 24. 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.

Elsewhere, international oil increased during the week after a larger-than-expected drawdown in oil stock, reinforced by an outlook for robust demand. Murban oil price (Kenya's benchmark) increased to \$74.65 per barrel on June 24 from \$73.19 per barrel on June 17.

Indicative Forex Rates

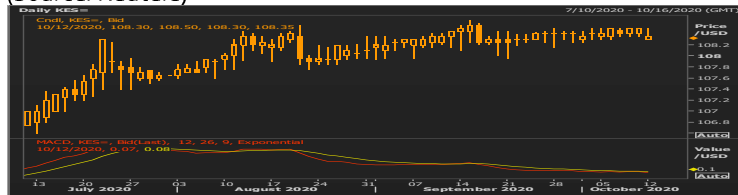
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.25	111.25	104.75	110.75
GBP/KES	145.72	153.72	146.22	153.22
EUR/KES	125.01	132.01	125.51	131.51
AED/KES	27.34	31.34	27.34	31.34

Money Market Rates	Current	Previous	Change
Interbank Rate	4.9750%	5.0042%	0.029
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	0.16550	-0.52614	0.11275
12 months	0.24925	-0.48357	0.17875

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar was up on in early trading although the U.S. inflation data was slightly softer as it grew only 0.5% month-on-month in May, lower than the 0.7% in April. Markets remained concerned that the Federal Reserve could tighten monetary policy if the consumer price pressures continue to intensify driven by wages due to a tight labor market.

Investors however remained optimistic about the ongoing economic recovery from COVID-19 after U.S. President Joe Biden said he didn't plan to bar a \$1.2 trillion bipartisan infrastructure bill unless a separate Democratic spending plan doesn't pass Congress.

The US Dollar Index that tracks the greenback against a basket of other currencies inched up 0.03% to 91.868.

Euro was little changed at \$1.1925, struggling to recover the \$1.20 level even after the European Central Bank has been crystal clear that it sees any increase in inflation resulting from the economic recovery as temporary and that it will not, therefore, tighten monetary policy in response.

Pound inched up 0.04% to \$1.3895 after the Bank of England kept the lending rate unchanged at a historical low of 0.1% while maintaining the asset purchase programme at 895 billion pounds. Policymakers voiced concerns on rising inflation but see no need for a tightening in monetary policy until mid-2022. Andrew G Haldane, a member of the Bank of England Monetary Policy Committee, is due to speak later in the day.

Elsewhere, oil prices hit were up 0.2% with Brent at \$76.02 per barrel as investors eyed the outcome of Thursday's OPEC+ meeting as the United States and Iran wrangle over the revival of a nuclear deal, delaying a surge in Iranian oil exports.

Source: Reuters

Indicative Profit Rates on Deposits

	Amounts > 10 Million	
	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	1.3760	1.4060
USD/AED	3.6610	3.6865
USD/JPY	109.50	112.50

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.