



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

## TREASURY MARKET UPDATE 30TH AUGUST 2021

### DOMESTIC NEWS

The Kenyan shilling edged down on Friday as end month demand for hard currencies by importers prompted exporters to hang onto their dollars in expectation of further weakening. The local unit is forecast to remain under pressure in the next few days as demand tends to pick up towards end-month.

By close of the day, the local unit stood at 109.75/95 compared with 109.70/90 at the close of trading on Thursday.

The usable foreign exchange reserves remained adequate at USD 8,986 million (5.49 months of import cover) as at August 26. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover.

Elsewhere, the National Treasury has projected Kenya's economic growth to slow down to 5.9% in the 2022/2023 financial year due to the uncertainty associated with the general election. It said that while the economy would recover from the effects of the COVID-19 pandemic and grow at 6.2% in the 2021/2022 fiscal year, it would shrink in the next fiscal year and then recover to 6.3% in the 2025/2026 fiscal year.

The budget for the financial year 2022/2023 and the medium term will thus focus on resource mobilization and reduction on non-core expenditures in order to reduce the fiscal deficit and ensure debt sustainability.

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.25	113.25	106.75	112.75
GBP/KES	147.09	155.09	147.59	154.59
EUR/KES	126.04	133.04	126.54	132.54
AED/KES	27.88	31.88	27.88	31.88

Money Market Rates	Current	Previous	Change
Interbank Rate	3.5909%	3.5482%	0.043
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	6.440%	5.630%	0.120
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.15475	-0.54486	0.10200
12 months	0.23513	-0.49800	0.22538

(Source: Reuters)

### INTERNATIONAL NEWS

The dollar was down in early trade in the wake of U.S. Federal Reserve Jerome Powell's dovish speech on tapering its \$120-billion-a-month bond-buying program saying that the Fed is likely to start paring back stimulus measures before the end of 2021 without specifying the timeline. However, he also suggested it is in no hurry to raise interest rates. He noted that inflation has met the test of substantial further progress and there has been clear progress toward maximum employment. Focus now turns to U.S. labour data due out on Friday for the next clue on the timing of asset purchase tapering as Powell suggested that an improvement in the labour market is one major prerequisite for action.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.06% to 92.640.

Euro rose 0.4% to just above \$1.1800 as European Central Bank said large-scale bond buying will continue next year, even after emergency asset purchases end. Over the medium term, the Euro should continue to gain attraction as a funding currency, since the ECB will stick with its ultra-easy policy. The ECB isn't expected to increase the deposit rate until 2024.

Sterling inched up 0.04% to \$1.3770 even as it battles with Brexit chaos with Britain's government rejecting calls from UK Trade body Logistics to temporarily ease post-Brexit immigration rules.

Elsewhere, oil prices rose 0.32% with Brent at \$72.93 per barrel after energy firms forced shutdowns and evacuations of hundreds of offshore oil platforms in the U.S. Gulf of Mexico as Hurricane Ida slammed into the U.S.' southern coast as a Category 4 storm. On the production side, energy companies had halted more than 95% of crude output.

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	1.1700	1.2000
GBP/USD	1.3645	1.3945
USD/AED	3.6610	3.6865
USD/JPY	108.50	111.50

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