



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH JULY 2021

DOMESTIC NEWS

The Kenya shilling was unchanged against the dollar on Thursday, with demand matching supply in a day characterized by slow trade. By close of the day, the local unit stood at 108.50/70, same as the previous day's close.

Elsewhere, the Monetary Policy Committee (MPC) of the Central Bank of Kenya met against a backdrop of the continuing global COVID-19 pandemic, the continued rollout of vaccination programmes, and other measures taken by authorities around the world to contain its spread and impact and decided to **retain the benchmark policy rate at 7%** for the ninth consecutive time.

The Committee observed that leading indicators for the Kenyan economy point to a relatively strong GDP recovery in the first half of 2021, mainly supported by a strong performance of construction, information and communication, education, and real estate sectors. CBK expects the economy to rebound in 2021, supported by the continued reopening of the services sectors including education, recovery in manufacturing, and stronger global demand.

The CBK foreign exchange reserves currently stand at US\$9,350 Million (5.72 months of import cover) and continue to provide adequate cover and a buffer against short-term shocks in the foreign exchange market.

They however noted that inflation pressures are expected to be elevated in the near term mainly driven by increases in food and fuel prices, and the impact of the recently implemented tax measures but expects it to remain within the target range with muted demand pressures.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.10	112.10	105.60	111.60
GBP/KES	147.38	155.38	147.88	154.88
EUR/KES	125.48	132.48	125.98	131.98
AED/KES	27.57	31.57	27.57	31.57

Money Market Rates	Current	Previous	Change
Interbank Rate	3.31631%	3.1826%	0.134
91-Day T-bill	6.486%	6.477%	0.009
182-Day T-Bill	6.966%	6.955%	0.011
364-Day T-Bill	7.426%	7.432%	0.006
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	0.15400	-0.52714	0.08600
12 months	0.23713	-0.49243	0.18488

(Source: Reuters)

INTERNATIONAL NEWS

The dollar fell to a one-month low yesterday a day after the U.S. Federal Reserve maintained a dovish stance in its latest policy decision, and disappointing U.S. economic data saying that the job market still had "some ground to cover" before it would be time to ease monetary stimulus, taking the steam out of a monthlong rally by the greenback. Data showed that while the U.S. economy grew solidly at 6.5% in the second quarter, boosted by massive government aid, growth fell short of economists' expectations of 8.5%.

U.S. Treasury yields trended lower after the Fed's statement, with inflation-adjusted real yields tumbling to a new low, weighing on the U.S. currency. China also stepped-up attempts to calm frayed investor nerves after a wild markets rout this week by telling markets not to "overinterpret" its latest regulatory actions.

The U.S. Dollar that tracks the greenback against a basket of other currencies edged up 0.11% to 91.970.

Euro gained 0.35% to \$1.1880 with the help of supportive data from the euro zone as Germany's annual consumer price inflation accelerated by 3.1% in July compared with 2.1% in June rising further above the European Central Bank's target of close to but below 2% thus raising the potential for more gains. ECB President Christine Lagarde also warned about a fresh third wave of the COVID-19 pandemic and its impact on the economy.

Pound was 0.5% higher at \$1.3940 in over a month extending gains driven by a fall in coronavirus cases in Britain week on week and as a dovish U.S. Federal Reserve weighed on the greenback. Markets are however on the lookout for the Bank of England next week, which appears set to keep its stimulus running at full speed despite two policymakers breaking ranks to suggest that its nearly 900 billion pound (\$1.2 trillion) QE programme might have to end early as inflation speeds up.

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	1.1750	1.2050
GBP/USD	1.3825	1.4125
USD/AED	3.6610	3.6865
USD/JPY	108.35	111.35

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