



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST MAY 2021

DOMESTIC NEWS

The Kenya shilling was unchanged against the dollar on Friday supported by Central Bank of Kenya Governor Patrick Njoroge's comments that Kenya expects to receive a loan of \$750 Million from World Bank in the next two weeks to support its budget. He also noted that Treasury will also receive more external financing next month from the African Development Bank without providing a figure. The government is also poised to issue a new Eurobond to raise US\$1 billion by the end of next month to restructure Kenya's external debt maturity profile through refinancing some of the existing commercial debts.

By close of the day, the local unit stood at 107.45/65, same as the day's opening.

Elsewhere, the Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 7,480 million (4.57 months of import cover) as at May 27. 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.

Indicative Forex Rates

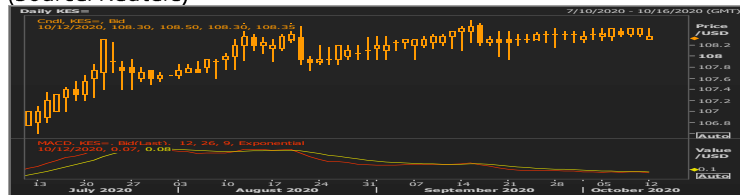
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.10	111.10	104.60	110.60
GBP/KES	148.72	156.72	149.22	156.22
EUR/KES	127.76	134.76	128.26	134.26
AED/KES	27.29	31.29	27.29	31.29

Money Market Rates	Current	Previous	Change
Interbank Rate	4.9617%	5.0056%	0.044
91-Day T-bill	7.139%	7.155%	0.016
182-Day T-Bill	7.865%	7.953%	0.088
364-Day T-Bill	9.156%	9.284%	0.128
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	0.17100	-0.52129	0.10600
12 months	0.24813	-0.48843	0.16250

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar held near a two-month high against certain majors in early trade after a key measure of U.S. inflation blew past the Federal Reserve's 2% target and posting its largest annual gain since 1992, due to a recovery from the pandemic and various supply disruptions thus keeping alive expectations of an eventual tapering in the Federal Reserve's asset buying. The 10-year benchmark U.S. Treasuries yield dropped to 1.581%, a second month of declines following a surge earlier in 2021 due to inflation concerns.

Key Fed officials have now openly acknowledged signs of strength in the U.S. economy which could fuel debate about tapering. However, investors widely expect that the Fed will keep its current dovish monetary policy for a few more months possibly until the end of 2021.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.01% to 89.987.

The Pound couldn't hold on to previous days gain when the Bank of England commented on the timing of rate hikes falling 0.40% to \$1.4180 on a strong dollar. Uncertainty over a possible delay in the UK June reopening also weighed on the Pound.

Euro was little moved at \$1.2195 largely underpinned by the improved sentiment in the risk appetite and the persistent sell-off in the greenback amidst rising optimism on the recovery in the Euro area which appears in turn supported by the firmer pace of the vaccine rollout.

Relatively thin liquidity conditions is expected today as both the U.S. and the U.K. markets are closed for holidays.

Elsewhere, oil prices climbed 0.6% in early trade with Brent at \$69.16 a barrel underpinned by the bright outlook for fuel demand growth in the next quarter while markets look ahead to the OPEC+ meeting tomorrow expected to stay the course on its plans to gradually ease supply cuts until July.

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	1.2050	1.2350
GBP/USD	1.4030	1.4330
USD/AED	3.6610	3.6865
USD/JPY	108.50	111.50

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