



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 4TH AUGUST 2021

DOMESTIC NEWS

The domestic unit had a poor run against its American counterpart on Tuesday, closing weaker from its previous close. Importers, particularly from the oil and energy sector, filled the market to pick up the dollar. The trifling foreign currency inflows witnessed from various sectors of the economy, did little to save the local unit from losses. That said, the price action continues to be mainly flow driven with fundamentals taking a back seat in the interim. By close of day, the local unit stood at 108.55/108.75 as compared to Monday's close of 108.50/108.70.

In other news, Kenya's current account deficit, which measures a country's trade and financial flows with other nations, widened to 5.4% of GDP in the 12 months to June from 5.2% in the same period last year, an indication of the negative impact of the covid crisis on Kenya's economy. The Central Bank of Kenya said, "The higher deficit was attributed to lower service receipts, which more than offset the increased receipts from exports and remittances." Foreign currency reserves held at the Central Bank fell to \$9.341 billion as of July 29 down from \$9.371 billion as of July 22, 2021. According to CBK's weekly bulletin, the average rate of interest charged on short-term loans made between Kenyan banks increased to 3.32% on July 29 from 3.05% on July 22. The average value of interbank transactions during the week decreased to KSh 4.1 billion from KSh 4.6 billion the previous week.

Indicative Forex Rates

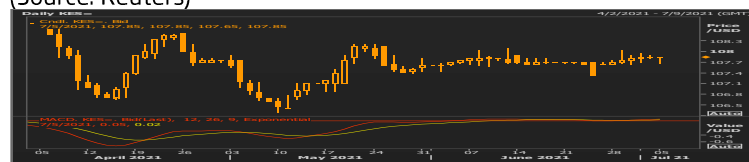
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.15	112.15	105.65	111.65
GBP/KES	147.30	155.30	147.85	154.85
EUR/KES	125.50	132.50	125.95	131.95
AED/KES	27.58	31.58	27.58	31.58

Money Market Rates	Current	Previous	Change
Interbank Rate	3.357%	3.158%	-0.199
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	6.400%	6.300%	0.100
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.15663	-0.52657	0.08863
12 months	0.23238	-0.49900	0.18613

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was pinned near recent lows at 92.024 against other currencies on Tuesday, as traders awaited U.S. jobs data for a guide to the rates outlook. Traders are keen see July's U.S. non-farm payroll numbers, due on Friday, following dovish commentary from Fed Chief Jerome Powell last week.

The GBP/USD pair edges higher to \$1.3934 on Tuesday. The Brexit red tape held up the supply chain, which could adversely affect the UK manufacturing of goods from cars to fridges. A limiting factor for the pound's upside momentum. Investors anticipate Thursday's Bank of England Monetary Policy Committee to assess the forward guidance on inflation and interests rates.

The euro jumped to the \$1.1870 region on Wednesday. The important data on the economic calendar to look out for would be the Euro Retails Sales data to take fresh trading impetus.

The Japanese Yen licks its wounds around 109.00 after testing the lowest level as Tokyo opens for trading on Wednesday. Japan conveyed 12,017 new covid cases, the second highest on record. It's worth noting that a senior health official was quoted favoring the national emergency after the covid data.

Elsewhere, global oil prices fell to \$72.19 per barrel, for a third day on Wednesday on mounting concerns that the increasing spread of the Delta variant of the coronavirus in top consuming countries will cut fuel demand. Still, bubbling geopolitical tensions in the Gulf may offset the demand concerns. three maritime security sources claimed Iranian-backed forces seized an oil product tanker off the coast of the United Arab Emirates, though Iran denied the reports.

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	1.1730	1.1950
GBP/USD	1.3615	1.4040
USD/AED	3.6610	3.6860
USD/JPY	108.20	111.90

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.