



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 6TH AUGUST 2021

DOMESTIC NEWS

The shilling waffled to the weaker side on Thursday as demand for the greenback dominated the market. The narrative of a higher dollar demand side persisted in the local FX market as players held on to paltry inflows, leaving the local currency somewhat weaker by close of business. In today's session, the home unit remains exposed to further downside risks weighed down by burgeoning dollar demand. That said, players continue to keep an eye on any new developments and flows continue to guide the direction for the USDKES pair. By close of day, the local unit stood at 108.65/108.85 as compared to Wednesday's close of 108.60/108.80.

In other news, Kenya's economic activity continued to ease in July as businesses relaxed their expansions in output, new orders, and employment during the month. Kenya's Purchasing Managers Index (PMI) fell for the second straight month in July. The PMI dipped to 50.6 from 51.0 in June, showing only a marginal improvement in operating conditions across Kenya's private sector. Output, new orders and employment indices, all fell to three-month lows according to the survey. Businesses reported slow sales growth and therefore held off buying new inputs. The price of imported goods rose sharply due to changes in the tax system. Additionally, higher fuel costs and input shortages led to the quickest rise in input prices since March 2020 according to the report. Even with the elevated price of goods, business confidence improved in July. Nearly a third of the businesses gave a positive forecast for output over the next 12 months.

Indicative Forex Rates

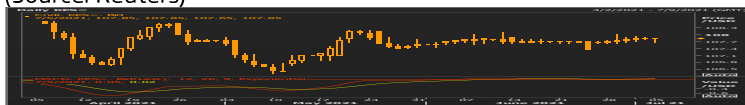
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.25	112.25	105.75	111.75
GBP/KES	147.40	155.40	147.90	154.90
EUR/KES	125.10	132.10	125.60	131.60
AED/KES	27.61	31.61	27.61	31.61

Money Market Rates	Current	Previous	Change
Interbank Rate	3.249%	3.357%	-0.108
91-Day T-bill	6.513%	6.486%	0.027
182-Day T-Bill	7.046%	6.966%	0.080
364-Day T-Bill	7.418%	7.426%	-0.008
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	0.15500	-0.53386	0.09038
12 months	0.22988	-0.50057	0.18638

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was supported on Thursday at 92.316 in the lead up to the release of U.S. employment data, as markets braced for the numbers that could make the case for faster U.S. policy tightening. U.S. Federal Reserve Vice Chair comments earlier in the week, where he said conditions for an interest rate hike could be met in late 2022, led to a sharper focus on the labor market's recovery from COVID-19 and the U.S. jobs report, due later in the day.

The GBP/USD pair inched down to \$1.3920 on Thursday. The Bank of England (BOE) kept its interest rate unchanged at 0.10%, with other policy settings also remaining unchanged, as it handed down its policy decision. The BOE did, however, outline a plan towards asset tapering and interest rate hikes in the years to come.

The euro remained pressured near weekly lows at \$1.1823 on Thursday as the double whammy of Delta covid variant and US stimulus disappointment weighed on EUR/USD prices.

The Japanese Yen extended gains in the initial Asian trading session on Friday to 109.78. Even so, the yen losses attractiveness as a record case of delta variant reported in Japan.

Elsewhere, global oil prices were up Friday morning at \$71.38 per barrel but headed towards its biggest decline since late October 2020. Concerns as countries implement restrictive measures to curb their latest COVID-19 outbreaks continue to cloud the fuel demand outlook. Nonetheless, the ongoing tensions in the Middle East between Iran and Israel helped cap the black liquid's losses.

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	1.1710	1.1960
GBP/USD	1.3620	1.4130
USD/AED	3.6610	3.6860
USD/JPY	108.50	111.95

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.