



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 7TH JULY 2021

DOMESTIC NEWS

The Kenyan shilling was relatively stable on Tuesday. The local unit was supported by inflows from offshore investors buying government debt amid subsiding dollar demand from the energy and manufacturing sector. The session saw little activity across the counters that just about evened out during the day with foreign currency demand matching supply to close at the same level as the previous day. By close of the day, the local unit stood at 107.85/05, the same as the previous day's close.

In other news, Kenya's private sector activity improved in June, although at a modest pace, according to the latest Purchasing Managers Index (PMI). The improved activity was supported by increased output from the manufacturing, construction, and agriculture sectors as well as a jump in new orders. The Purchasing Managers Index, which measures economic activity, posted a reading of 51.0 in June, a slight dip from 52.5 in May. A reading above 50 points signals growth in business activity while a reading below 50 points to contraction. The June PMI reading was the second consecutive monthly improvement in the health of the Kenyan private sector. Data collected from the survey showed that output at Kenyan companies continued to rise at the end of the second quarter, mainly driven by increased demand by customers and greater cash flow. International sales also increased in June as the demand from European clients intensified.

Indicative Forex Rates

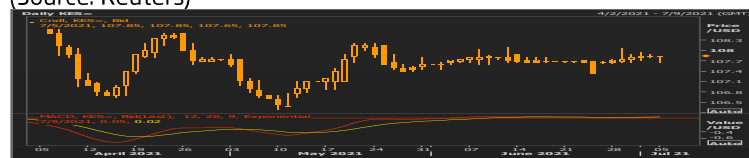
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.45	111.45	104.95	110.95
GBP/KES	144.95	152.95	145.50	152.50
EUR/KES	124.15	131.15	124.70	130.70
AED/KES	27.39	31.39	27.39	31.39

Money Market Rates	Current	Previous	Change
Interbank Rate	4.868%	4.681%	0.187
91-Day T-bill	6.728%	6.860%	-0.132
182-Day T-Bill	7.228%	7.317%	-0.089
364-Day T-Bill	7.661%	7.729%	-0.068
Inflation	6.300%	5.900%	0.400
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya

LIBOR Rates	USD	EUR	GBP
6 Months	0.16250	-0.53214	0.10525
12 months	0.24125	-0.48757	0.17163

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index slumped to 92.532 on Tuesday ahead of the U.S. Federal Reserve's release of the minutes from its latest meeting. Market participants will be looking for clues as to when the Fed will begin to taper its pandemic-induced bond-buying spree amid a recovering economy, when minutes of the June meeting are published. The minutes from the Fed's June 2021 meeting, are widely expected to offer clues to the central bank's policy outlook moving forward.

The GBP/USD pair dropped to \$1.3798 on Tuesday, after having hit a one-week high of \$1.3888, with markets looking forward to England becoming the first major country to formally start living with the coronavirus by dropping COVID-related curbs in two weeks' time.

The euro plunged to \$1.1806 on Tuesday as German economic data disappointed and raised concerns about the country's economic recovery from COVID-19. In the meantime, European Central Bank policymakers are in the middle of debating a new strategy, with many now backing the notion of letting inflation surpass 2% for a while after it lagged below that level for most of the past decade.

Elsewhere, global oil prices were mixed on Wednesday but remained above the \$73 mark, as a production dispute between Saudi Arabia and the United Arab Emirates continues. The dispute has stalled efforts by the Organization of the Petroleum Exporting Countries and allies to raise production as the fuel demand outlook brightens. A lack of agreement among major oil producers at least opens up the risk that the entire OPEC+ deal collapses, leading major oil producers to significantly step-up production much faster.

Indicative Profit Rates on Deposits

	Amounts > 10 million	
	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	1.1750	1.1965
GBP/USD	1.3720	1.3930
USD/AED	3.6610	3.6860
USD/JPY	108.10	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.