



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH JULY 2021

DOMESTIC NEWS

The shilling traded sideways against the dollar on Wednesday as a dearth in activity which has recently prevailed continued to typify the local foreign currency market. The local unit was confined to a tight range for most of the session as activity on both demand and supply counters evenly matched, to leave the shilling little changed against the greenback. With market players lacking fresh factors to give directional impetus, market chatter alludes to range bound trading in today's session if the slowdown in activity continues. By the close of trade, the home unit stood at 107.85/108.05, same as Tuesday's close.

In other news, foreign exchange reserves held at the Central Bank of Kenya last week rose to their highest level in 12 months, data from the central bank showed on Friday. The reserves surged by \$1.38 billion in the past week to \$9.5 billion, the second straight week of gains and the highest level since 16th July 2020. The usable foreign exchange reserves remained adequate at USD 9,494 million (5.81 months of import cover) as at July 1st. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover. The sharp increase is attributed to recent disbursements from the IMF, World Bank, and funds from the Eurobond IV. The reserves are expected to assist Kenya in meeting its foreign debt obligations, offer protection against short term economic shocks, and support the Kenya shilling from declining against major international currencies.

Indicative Forex Rates

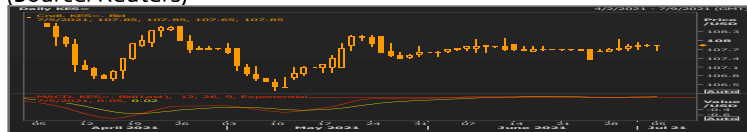
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.45	111.45	104.95	110.95
GBP/KES	144.80	152.80	145.30	152.30
EUR/KES	123.80	130.80	124.35	130.35
AED/KES	27.39	31.39	27.39	31.39

Money Market Rates	Current	Previous	Change
Interbank Rate	4.899%	4.868%	0.031
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	0.16638	-0.53171	0.09950
12 months	0.24225	-0.48943	0.17188

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index traded near its highest in three months versus major peers on Wednesday at 92.844 after minutes of the Federal Reserve's June policy meeting confirmed the world's biggest central bank is moving towards tapering its asset purchases as soon as this year. Fed officials said substantial further progress on economic recovery "was generally seen as not having yet been met," although participants expected progress to continue and agreed they must be ready to act if inflation or other risks materialize, according to the minutes of the Federal Open Market Committee's June policy meeting released on Wednesday.

The GBP/USD pair edged down to \$1.3785 on Wednesday over pandemic fears as the virus infections jumped to the highest in six months. The same probes the UK PM Johnson's unlock plans and pushed the World Health Organization official to warn of early covid reopening. Other than coronavirus fears, the Brexit woes also weigh on the sterling.

The euro plummeted to \$1.1795 on Wednesday as it awaits for further cues from the European Central Bank President Christine Lagarde who will hold a press conference on Thursday after the monetary authority announces the outcome of an 18-month strategy review, which is likely to include a shift in the inflation target to 2%, from below but close to 2% currently - which would theoretically allow for inflation overshoots.

Elsewhere, global oil prices were down to \$73.17 per barrel on Thursday, falling for a third consecutive session. Investors continue to keep an eye on the ongoing production dispute between Saudi Arabia and the United Arab Emirates impacting global fuel supply.

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	1.1865
GBP/USD	1.3620	1.3930
USD/AED	3.6610	3.6860
USD/JPY	108.05	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.