



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 8<sup>TH</sup> JUNE 2021

### DOMESTIC NEWS

The shilling waffled to the weaker side on Monday 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 the day, the local unit stood at 107.85/05, as compared to the previous day's close of 107.75/95.

In the meantime, Overall inflation remained stable within the medium-term target band, increasing marginally to 5.90% in May from 5.80% in April, mainly driven by food and fuel pump prices. Meanwhile, the usable foreign exchange reserves remained adequate at USD 7,510 million (4.59 months of import cover) as at June 3. 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.

#### Indicative Forex Rates

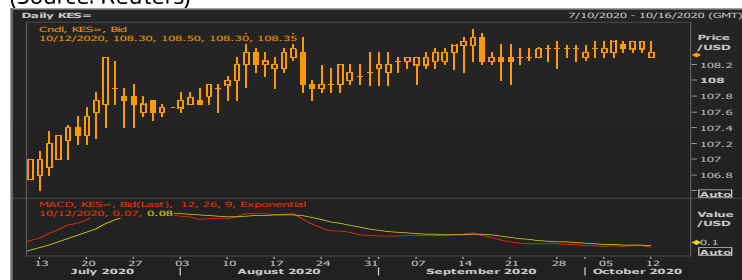
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.40	107.90	104.90	111.40
GBP/KES	148.76	152.76	149.26	156.76
EUR/KES	127.93	131.43	128.43	134.93
AED/KES	27.38	31.38	27.38	31.38

Money Market Rates	Current	Previous	Change
Interbank Rate	4.513%	4.868%	-0.355
91-Day T-bill	7.137%	7.139%	0.002
182-Day T-Bill	7.818%	7.865%	0.047
364-Day T-Bill	8.973%	9.156%	0.183
Inflation	5.870%	5.760%	0.110
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.16488	-0.52386	0.10488
12 months	0.24600	-0.49086	0.16550

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar was up on Monday to 89.533 but was subdued as investors continue to gauge inflationary pressures ahead of a policy decision from the U.S. Federal Reserve. Investors are still digesting the U.S. employment report for May, released during the previous week. Investors now await the consumer price index report, due later in the week, to gauge the Fed's next move ahead of its policy decision to be handed down in the following week.

The GBP/USD started the new week on a weak footing and declined toward \$1.4100 in the early trading hours of the European session. However, the pair reversed its direction with the renewed USD weakness and was last seen gaining 0.25% on the day at \$1.4190. The pair came under pressure as the speculation of a delay in the lifting of lockdown restrictions surfaced amid the threat of 'delta' COVID-19 strain. In a recent development, Britain's roadmap for easing lockdown could be delayed by a fortnight.

The euro marks the first daily drop in three days as it edged lower to \$1.2180 on Monday. Receding fears of inflation and chatters over the Fed's next moves, coupled with covid and China headlines, exert downside pressure on the major currency.

The Japanese Yen pair edged up to 109.41 on Tuesday. Japan's GDP, released contracted 1% quarter-on-quarter and 3.9% year-on-year for the first quarter of 2021.

Elsewhere, global oil prices were down Tuesday morning to \$68.72 per barrel, continuing Monday's losses as the fragile state of the global economic recovery from COVID-19 impacts the fuel demand outlook.

#### 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	1.2020	1.2280
GBP/USD	1.4005	1.4270
USD/AED	3.6610	3.6865
USD/JPY	108.20	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.