



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 9TH AUGUST 2021

DOMESTIC NEWS

The shilling continued its downward trend against the dollar on Friday on the back of augmented demand for the buck. The home unit's march south was on account of increased dollar appetite from both corporate and interbank players which overwhelmed the fickle foreign currency inflows, to push the local unit lower. In today's session, it is expected that the USDKES pair will continue trading within the same ranges as demand and supply forces continue to battle out. By close of day, the local unit stood at 108.70/108.90 as compared to Thursday's close of 108.65/108.85.

In other news, Kenya's foreign exchange reserves rebounded in the week ended August 5 to rise by Sh11 billion. The latest data by the Central Bank shows usable foreign exchange reserves remained adequate at \$9.352 billion (Sh1.014 trillion) or (5.72 months of import cover compared to \$9.341 billion (Sh1.008 trillion) the previous week. The forex reserves are now the equivalent of 5.72 months of import cover, more than 120 basis points above the EAC required minimum. The reserves had in the previous week declined by \$300 million from \$9.37 billion the prior period as the country repaid Sh96.7 billion debt to China including the first installment for the Nairobi-Naivasha phase of the Standard Gauge Railway (SGR). This follows the end of the six-month debt repayment holiday that Kenya received under the auspices of G-20, a group of wealthy countries.

Indicative Forex Rates

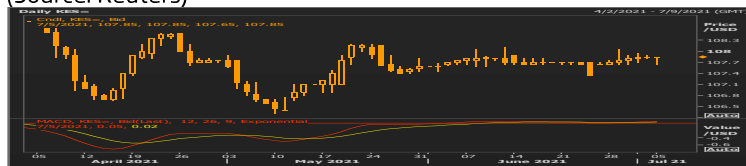
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	105.30	112.30	105.80	111.80
GBP/KES	146.90	154.90	147.40	154.40
EUR/KES	124.40	131.40	124.95	131.95
AED/KES	27.62	31.62	27.62	31.62

Money Market Rates	Current	Previous	Change
Interbank Rate	3.291%	2.904%	-0.387
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	0.14938	-0.53586	0.09188
12 months	0.23738	-0.49829	0.21000

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index climbed against major peers on Friday at 92.808, reaching a four-month high as traders positioned for an earlier tapering of Federal Reserve stimulus. Friday's non-farm payroll report showed jobs increased by 943,000 in July compared with the 870,000 forecast by economists in a Reuters poll. Numbers for May and June were also revised up. The Fed has made the labor market recovery a condition of tighter monetary policy, and most officials back the view that a jump in inflation will prove transitory, though there is debate over how prolonged it could be.

The GBP/USD pair faded around \$1.3870 on Friday as the UK Prime Minister Boris Johnson warned the EU to get "extremely tough" over the Northern Ireland (NI) issue or risk the destructive breakup of the UK. The comments weighed on the British pound. In addition, the UK's political jitters citing the latest rift between Chancellor Rishi Sunak and PM Boris Johnson.

The euro touched multimonth lows at \$1.1740 on Friday as it struggles on downbeat economic data. The IHS Markit Eurozone Construction Purchase Manager Index (PMI) came at 49.8 in July from the 50.3 in the previous month.

The Japanese Yen kickstarted the week in a muted tone at 110.25 on Monday as markets in Tokyo open for trading on concerns of the spread of the Delta strain.

Elsewhere, global oil prices dropped to \$69.29 per barrel on Monday, extending last week's steep losses on the back of a rising U.S. dollar and concerns that new pandemic curbs in Asia, especially China, may set back the global recovery in fuel demand.

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	1.1705	1.1950
GBP/USD	1.3630	1.4140
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.