



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH JUNE 2021

DOMESTIC NEWS

The shilling was stronger against its U.S. counterpart on Tuesday as activity ticked up on foreign currency supply counter. Dollar appetite from corporate and interbank players remained low for most of the session causing the foreign currency inflows to give the local currency a boost to a more solid close. Flows into the market and benign demand for the greenback may continue to support the shilling in the short term. There is no clear indication whether the supply will continue and leave further scope for gains for the home unit. By close of trade, the local unit stood at 107.65/85 as compared to Monday's close of 107.70/90.

In other news, Kenya is on an international virtual roadshow to sell a \$1 billion (Sh107 billion) loan by end of this month. Kenya floating a sovereign bond has been received well mostly by European and American lenders, pointing to a possible oversubscription. The Ministry first announced plans for the \$1 billion Eurobond in March 2021 and a separate 1-billion-euro bond as the plan was to raise \$1 billion by the end of June and an additional €1 billion in the fiscal year starting July 1. The new loans are expected to add on to public debt currently at Sh7.4 trillion, equivalent to 65.6 per cent of the gross domestic product in nominal terms. The country is expected to clear several loans falling due by end of this month as the moratorium extended to it by G20 countries and Paris Club of investors ends.

Indicative Forex Rates

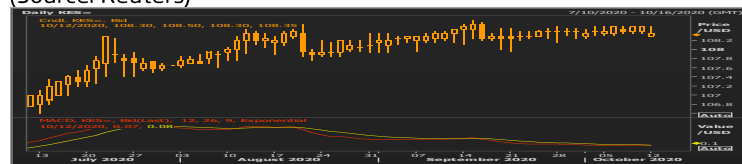
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	104.25	111.25	104.75	110.75
GBP/KES	147.80	155.80	148.30	155.30
EUR/KES	127.20	134.20	127.70	133.70
AED/KES	27.33	31.33	27.33	31.33

Money Market Rates	Current	Previous	Change
Interbank Rate	4.193%	4.146%	0.047
91-Day T-bill	7.104%	7.137%	-0.033
182-Day T-Bill	7.731%	7.818%	-0.087
364-Day T-Bill	8.648%	8.973%	-0.325
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	0.15038	-0.53071	0.10800
12 months	0.23750	-0.49143	0.16875

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index stood at 90.528 on Tuesday against a basket of currencies as investors tried to ascertain if the Federal Reserve might alter the language on its stimulus following a recent jump in U.S. inflation. The Federal Reserve is widely expected to acknowledge the first conversations among its policymakers about when and how fast to pare back the massive bond-buying program launched in 2020 when it concludes a policy meeting later in the day. Some investors insisted that the Fed would refrain from any hints of a start in asset tempering anytime soon.

The GBP/USD pair inched up to \$1.4089 on Tuesday. The pound hit a one-month low of \$1.4035 during the previous session despite the release of better-than-expected employment data, including April's average earnings index and bonus. However, the rapid spread of the highly contagious Delta variant of COVID-19 that forced U.K. Prime Minister Boris Johnson to delay his plans to lift lockdown measures by three weeks, remains a big risk.

The euro was perched at \$1.2129 on Tuesday, little changed but struggling to recover from its fall after the European Central Bank pledged to keep stimulus stable over the summer.

The Japanese Yen held steady at 110.06 on Wednesday morning. Traders await the Bank of Japan policy decision and extension of some of its pandemic relief measures on Friday.

Elsewhere, global oil prices were up at \$74.64 per barrel on Wednesday as a larger-than-expected draw in U.S. crude oil supplies and the ever-brightening fuel demand outlook in some countries gave the black liquid a boost.

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	1.2230
GBP/USD	1.4005	1.4260
USD/AED	3.6610	3.6860
USD/JPY	108.50	111.80

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.