



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 01ST SEPTEMBER 2021

### DOMESTIC NEWS

The Kenyan shilling on Tuesday continued its poor run closing the day at 109.80/110.00 against the greenback on increased end month demand for the dollar by importers and corporates but was capped by inflows from NGO's paying end month salaries

However, the local unit is tipped to strengthen a tad from its current levels in the short term backed by hard currency inflows from the recently auctioned 21- year amortized Infrastructure bond whose sale closes on Tuesday, 7th September 2021, improved export earnings and tourism revenue.

Sufficient forex reserves held at the apex bank also point to possible shilling stabilization.

With Kenya being a net importer of machinery, oil, and other secondary products, the depreciating currency is likely to increase the local price of imports.

Elsewhere, the overall year on year inflation rate as measured by the Consumer Price Index (CPI) rose to 6.57% in August 2021 from 6.44% in July 2021 mainly driven by rise in prices of commodities under: food and non-alcoholic beverages, transport and housing, water, electricity, gas and other fuels according to new data from the Kenya National Bureau of Statistics (KNBS).

The present rate of inflation remains the highest since February 2020 and points to increased pressure on spending by Kenyans as disposable incomes shrink. Nevertheless, the inflation rate remains pegged within the government's prescribed range of 2.5% to 7.5% but is likely to rise further in the coming months as the weatherman predicts low rainfall.

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.40	113.40	106.90	112.90
GBP/KES	146.93	154.93	147.43	154.43
EUR/KES	126.13	133.13	126.63	132.63
AED/KES	27.92	31.92	27.92	31.92

Money Market Rates	Current	Previous	Change
Interbank Rate	3.3631%	3.4790%	0.116
91-Day T-bill	6.741%	6.599%	0.142
182-Day T-Bill	7.195%	7.104%	0.091
364-Day T-Bill	7.492%	7.420%	0.072
Inflation	6.570%	6.440%	0.130
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.15475	-0.54486	0.10200
12 months	0.23513	-0.49800	0.22538

(Source: Reuters)

### INTERNATIONAL NEWS

The dollar was up in early trade but was trading near its lowest point in nearly three weeks as investors continued to keep moves small with the latest U.S. jobs report which could provide clues to the U.S. Federal Reserve's asset tapering timeline due on Friday. Fed Chair Jerome Powell acknowledged in his speech at the Jackson Hole conference last week that tapering could begin this year, but added the central bank is in no hurry to raise interest rates. Meanwhile, data overnight showed U.S. consumer confidence slumping to a six-month low as soaring COVID-19 infections and rising inflation dampened the economic outlook. The Fed has made a labour market recovery a condition for tapering.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.10% to 92.730.

Pound edged down 0.11% to \$1.3740 due to a strong dollar. Earlier this year, the speed of Britain's COVID-19 vaccination programme and a broader reflation trade in global markets made the Pound the best performer among its G10 currency peers, but it has since lost that lead.

Euro was about flat at \$1.1800 weighed down by the downbeat economic data after the euro zone inflation rate overshot a new ECB fixed target of 2% in August by a full percentage point. European stocks also shrugged off fresh signs of an economic slowdown in China.

Elsewhere, oil was up 0.68% with Brent at \$72.12 per barrel in early trade ahead of OPEC+ meeting as investors await the cartel's decision on whether to continue its plan to increase supply by 400,000 barrels per day each month through to December 2021, while digesting an increasing number of COVID-19 cases in Asia and hurricane damage in the Gulf of Mexico.

### Source: Reuters

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.40%	0.05%
1 Month	6.65%	0.75%
3 Months	6.90%	1.00%
6 Months	7.15%	1.25%
1 year	7.90%	1.50%

Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.1680	1.1980
GBP/USD	1.3625	1.3925
USD/AED	3.6610	3.6865
USD/JPY	109.00	112.00

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