



**DOMESTIC NEWS**

The home unit succumbed to further losses versus the greenback in Tuesday's active session. Augmented dollar demand from energy and manufacturing sectors dominated counters through the day amidst dwindling inflows, leaving the USDKES pair's price action skewed to the upside in what was a one way move. Looking ahead, it remains to be seen whether the depreciation of the home unit will continue, and new trading ranges set. By close of day, the local unit stood at 111.70/111.90 as compared to Monday's close of 111.60/111.80.

In the meantime, The Central Bank of Kenya (CBK) is set to hold its next Monetary Policy Committee (MPC) meeting on November 29th, 2021. At the last policy meeting, the top decision-making organ of the CBK maintained the benchmark Central Bank Rate (CBR) at 7%. The Monetary Authority first lowered the CBR to 7% from 7.25% in April 2020, at the height of the COVID-19 pandemic effects. MPC has retained these levels for the past 11 meetings. With pandemic lockdown measures, taken in March 2020 lifted, including removal of travel restrictions and cessation of night curfews, it will be interesting to observe how CBK will respond. The Committee observed at its last meeting in September 2021 that the economy is expected to rebound in 2021, supported by the continued reopening of the services sectors, recovery in manufacturing, and stronger global demand.

**Indicative Forex Rates**

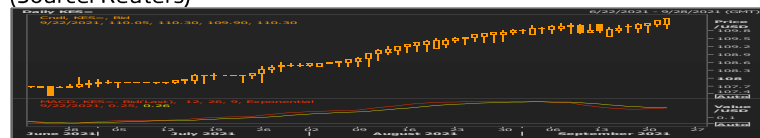
|         | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 108.30   | 115.30    | 109.80 | 114.80  |
| GBP/KES | 147.55   | 155.55    | 147.25 | 155.95  |
| EUR/KES | 125.15   | 133.15    | 125.90 | 133.40  |
| AED/KES | 28.94    | 31.94     | 28.44  | 32.44   |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate     | 4.438%  | 4.481%   | -0.043 |
| 91-Day T-bill      | 7.097%  | 7.040%   | 0.057  |
| 182-Day T-Bill     | 7.554%  | 7.486%   | 0.068  |
| 364-Day T-Bill     | 8.624%  | 8.489%   | 0.135  |
| Inflation          | 6.450%  | 6.950%   | -0.500 |
| CBR RATE           | 7.000%  | 7.000%   | 0.000  |

Source: Central Bank of Kenya)

| LIBOR Rates | USD     | EUR      | GBP     |
|-------------|---------|----------|---------|
| 6 Months    | 0.20100 | -0.53571 | 0.45500 |
| 12 months   | 0.36113 | -0.46229 | 0.81538 |

(Source: Reuters)



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**INTERNATIONAL NEWS**

The U.S. dollar index held a three-day loss against major peers on Tuesday at 93.997, with highly anticipated U.S. inflation data looming that could guide the timing of a Federal Reserve interest rate increase. Fed officials on Tuesday said it was not clear that high inflation will become more entrenched than expected. Meanwhile, U.S. President Joe Biden met with Fed Governor Lael Brainard as a potential next Fed Chair. She would be considered a dovish pick.

The GBP/USD pair hovered around \$1.3550 levels on Tuesday amid a broad US dollar rebound and looming Brexit risks. The greenback benefits from the risk-off mood while Ireland readies contingency plans for the UK trade war with the EU, US inflation data, Brexit updates in focus. Brexit remained in the headlines on Tuesday. Essentially the EU is threatening countermeasures if the UK opts to trigger Article 16, which allows it to unilaterally suspend parts of the Northern Ireland Protocol. No-deal Brexit risk is back on the table.

The euro printed mild losses at \$1.1580 on Tuesday. Policymakers at the US Federal Reserve (Fed) and the European Central Bank (ECB) have been trying to reject rate hike concerns of late. However, firmer inflation expectations in the US and Eurozone hint at the need for rolling back the easy money policies.

Elsewhere, global oil prices rose on Wednesday to \$85.10 per barrel, extending strong gains in the previous session, after industry data showed U.S. crude stocks unexpectedly fell last week just as near-term travel demand picked up with COVID-19 pandemic curbs easing.

**Indicative Profit Rates on Deposits**

|          | Amounts > 10 million |       | Amounts >100,000 |     |
|----------|----------------------|-------|------------------|-----|
|          | KES                  | USD   | 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 | 1.1440 | 1.1750 |
| GBP/USD | 1.3320 | 1.3910 |
| USD/AED | 3.6645 | 3.6890 |
| USD/JPY | 108.70 | 115.40 |