



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 10TH SEPTEMBER 2021

### DOMESTIC NEWS

The Kenya shilling was stable against the dollar on Thursday closing the day at 109.80/110.00 supported by hard currency inflows into a government infrastructure bond in which the Central Bank sold KES 106.75 billion worth of the bond which is popular among foreign investors due to its tax-free status.

A rising import bill has been putting pressure on the local unit due to rising oil prices and the continuing recovery of the economy that has raised consumer and industrial goods imports.

The gains from the expected inflows could however be capped by short-covering among players as well as pent-up demand for dollars by importers who have been waiting for the shilling to strengthen.

Elsewhere, Kenya's GDP stood at KES 10.753 trillion (\$102 Bn) in 2020 after the government changed the base calculation year from 2009 to 2016, making it the 6th largest economy in Africa. This is the seventh time Kenya has revised the National Accounts statistics.

The Economic Survey also estimated that Kenya's real GDP contracted by 0.3% in 2020 from a growth of 5% growth in 2019 which was largely a reflection of the adversity posed by the COVID-19 pandemic.

CS Ukur Yatani said that the global health crisis continues to complicate economic activity as he holds a cautious optimistic view of 2021 economic prospects, holding out for a strong rebound in growth supported in large part by the re-opening of the majority of the economy and steady rainfall to support production in the agriculture sector.

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.35	113.35	106.85	112.85
GBP/KES	148.15	156.15	148.65	155.65
EUR/KES	126.47	133.47	126.97	132.97
AED/KES	27.91	31.91	27.91	31.91

Money Market Rates	Current	Previous	Change
Interbank Rate	3.6237%	3.8074%	0.184
91-Day T-bill	6.781%	6.774%	0.007
182-Day T-Bill	7.253%	7.226%	0.027
364-Day T-Bill	7.777%	7.517%	0.260
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	0.14975	-0.53886	0.10388
12 months	0.22313	-0.49743	0.22600

(Source: Reuters)

### INTERNATIONAL NEWS

The dollar is up in early trade rebounding from a selloff triggered by the latest U.S. jobs report which was much weaker than expected but markets continue to bet on when the U.S. Fed will begin asset tapering. Meanwhile, data released yesterday showed that Americans filed 310,000 initial jobless claims throughout the week, the lowest number in almost 18 months, offering more evidence that job growth was being hindered by labor shortages rather than cooling demand for workers. However, the Fed could still be on course to begin the process later in 2021, with Governor Michelle Bowman suggesting that the report would not necessarily deter the central bank. The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.05% to 92.530.

Sterling inched up 0.08% to \$1.3850 after Bank of England governor Andrew Bailey said that the UK economy had staged a remarkable recovery even as he warned against complacency and remained optimistic that the BOE will hike interest rates in the next few years.

Euro was flat at \$1.1830 after ECB's policy decision gave the single currency a small boost. The central bank kept its interest rate unchanged at 0% and indicated that it would slow the pace of purchases under its Pandemic Emergency Purchase Program in the fourth quarter of 2021. However, ECB President Christine Lagarde assured the markets that "the lady isn't tapering" and the decision was well within expectations. Elsewhere, Oil is up 0.59% with Brent at \$71.87 per barrel on growing signs of tightness in U.S. markets after Hurricane Ida hit offshore output as investors digested China's decision to release crude from its strategic reserve supply to the market via public auction and warnings of declining ticket sales from some U.S. airlines as a surge in COVID-19 cases threatens to stall a recovery in travel.

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	1.1715	1.1965
GBP/USD	1.3735	1.3985
USD/AED	3.6610	3.6865
USD/JPY	108.65	111.45

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