



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 11<sup>TH</sup> NOVEMBER 2021

### DOMESTIC NEWS

Trading was cramped on Wednesday, which saw the shilling play second position against the greenback for the better part of the session. The shilling plunged as a result of increased demand for the buck, which overcame the supply-side and left the domestic currency feeble. By close of day, the local unit stood at 111.80/112.00 as compared to Tuesday's close of 111.70/111.90.

In the meantime, Kenya's Purchasing Managers Index (PMI) rose to 51.4 in October, up from 50.4 in September 2021, the highest reading in five months, as output growth strengthened, and new business continued to expand. In October, business activity expanded at the fastest pace in the past five months driven by higher demand and output. The improvement in domestic demand was driven by increased client spending primarily in wholesale and retail trade. Export demand, meanwhile, rose at its fastest rate since August 2020 on account of increased demand from Europe where public health restrictions continue to be lifted. To meet rising demand, firms increased their output following the normalization of business spending as pandemic-related measures were eased. Analysts forecast that while there was only a modest improvement in business conditions as shown by the PMI, the pace is likely to pick up in November when impact of lifting the night curfew and travel restrictions, which took effect on October 20th, 2021, sinks into the economy.

### Indicative Forex Rates

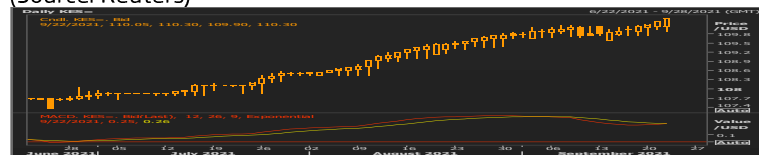
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	108.30	115.30	109.80	114.80
GBP/KES	145.95	153.95	145.65	154.35
EUR/KES	123.90	128.90	124.70	132.20
AED/KES	28.94	31.94	28.44	32.44

Money Market Rates	Current	Previous	Change
Interbank Rate	4.387%	4.735%	-0.348
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	0.21513	-0.54900	0.29263
12 months	0.34975	-0.48514	0.60713

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index hit highs on Wednesday at 95.002 after the hottest U.S. inflation reading in a generation fanned by bets on rate hikes. The consumer price index, which is a basket of products ranging from gasoline and health care to groceries and rents, rose 6.2% from a year ago, the most since December 1990. The data comes as policymakers such as Fed Chairman Jerome Powell and Treasury Secretary Janet Yellen maintain that the current price pressures are temporary and related to Covid pandemic-specific issues. While they have conceded that inflation has been more persistent than they expected, they see conditions returning to normal over the next year or so.

The GBP/USD pair plunged to \$1.3407 on Wednesday still reeling from the effects of the Bank of England's decision on 4 Nov to hold the bank rate at 0.1%. However, data in the US on Wednesday turned the screw and sank cable even lower at the same time that Brexit woes have reared their ugly head. Britain's and the European Union tussle over the post-Brexit agreement on Northern Ireland is also weighing on the sterling.

The euro slid to \$1.1476, its lowest level since July 2020, after the U.S. released inflation data on Wednesday. The major currency pair witnessed a heavy blow due to the 31-year high US inflation. On the same line could be the headlines concerning China's struggling real-estate player Evergrande and the Fed policymakers' attempt to defend the easy-money settings.

Elsewhere, global oil prices were steady on Thursday at \$82.95 per barrel after falling in the previous session on concerns rising inflation in the United States, spurred by climbing energy costs, may prompt the government to release more strategic crude stockpiles to drive down prices.

### 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	1.1340	1.1650
GBP/USD	1.3320	1.3910
USD/AED	3.6645	3.6890
USD/JPY	108.70	115.40

For more details, contact our Treasury staff Mary, Loryne Evelyn on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913351/54/55. 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.