



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

## TREASURY MARKET UPDATE 12<sup>TH</sup> OCTOBER 2021

### DOMESTIC NEWS

The Kenyan shilling was unchanged against on Friday the U.S. dollar as foreign currency demand and supply became matched. An uptick in activity across the counters saw the pair oscillate between gains and losses, ending the session within similar ranges. Price action for the USD/KES pair was largely flow driven. Today's trading is expected to be range bound as players look out for new fundamentals to guide the direction of the home unit. By close of the day, the local unit stood at 110.60/110.80, the same as the previous day's close.

In the meantime, Central Bank of Kenya (CBK) collected KSh 52 Billion during the Treasury Bond Auction of October 2021, where the two reopened fifteen-year and twenty-five year Treasury Bonds issued lesser bids against an advertised amount of KSh 60.0 Billion, representing a performance rate of 92.5%. Total bids received were worth KSh 55.5 Billion, made up of KSh 41.4 Billion in competitive bids and KSh 10.6 Billion in non-competitive bids. The coupon rate for the two 15-year T-Bonds is 11.250% and 12.340% respectively while that of the 25-year T-Bond is 13.924%. Proceeds from this sale will be used by National Treasury for new borrowings/net loan repayments. Meanwhile, the usable foreign exchange reserves remained adequate at USD 9,365 million (5.73 months of import cover) as at October 7. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover.

#### Indicative Forex Rates

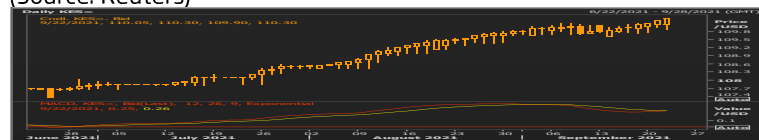
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.20	114.20	108.70	113.70
GBP/KES	146.60	154.60	146.40	155.40
EUR/KES	123.60	128.60	124.40	131.40
AED/KES	28.64	31.64	28.14	32.14

Money Market Rates	Current	Previous	Change
Interbank Rate	6.020%	6.106%	-0.086
91-Day T-bill	6.935%	6.895%	0.040
182-Day T-Bill	7.316%	7.282%	0.034
364-Day T-Bill	8.024%	7.949%	0.079
Inflation	6.910%	6.570%	0.340
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.15650	-0.53871	0.19175
12 months	0.24700	-0.48543	0.44950

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was at 94.33 on Monday, not far from its one-year high of 94.504 touched at the end of September as traders positioned themselves for the U.S. Federal Reserve to announce a tapering of its massive bond buying programme in November. This would also raise the possibility of U.S. interest rate hikes in late 2022, and hunt for the best yields was a dominant factor behind the dollar's gains.

The GBP/USD pair extended its decline on Monday to \$1.3591, on fear of inflation and interest rate hike bets. The Bank of England (BOE) and members of the Monetary Policy Committee (MPC) suggested a reversal in last year's interest rate cuts at any point in the near future though unlikely before the early months of 2022 to neutralize the risk of inflation exceeding above the 2% BOE's target. In addition to that, the UK Brexit Minister said changes would be required in the protocol that deals with Northern Ireland, as talks between Britain and the European Union (EU) continue this week. The EU already said it won't renegotiate the agreement, raising the tension between the two countries.

The euro struggled around \$1.1550 on Monday amid mounting inflationary concerns due to the rising energy prices. Nevertheless, the European Central Bank (ECB) Chief Economist shrugged off the recent bout of inflation as a trigger for monetary policy.

Elsewhere, global oil prices were down on Tuesday to \$83.55 per barrel falling for the first time in four days. The black liquid was taking a breather after weeks of gains fueled by a rebound in global demand, with the gains contributing to energy shortages in economies from Europe to Asia.

#### 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	1.1410	1.1860
GBP/USD	1.3440	1.4030
USD/AED	3.6605	3.6870
USD/JPY	108.20	115.60

For more details, contact our Treasury staff Loryne and Evelyn 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.