



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH OCTOBER 2021

DOMESTIC NEWS

Trading was cramped on Tuesday, 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 110.70/110.90 as compared to Friday's close of 110.65/110.85.

In the meantime, Kenya is likely to benefit from a debt service relief by the International Monetary Fund (IMF) extended to 24 countries. It is listed among low-income countries in the IMF books, countries that qualify for the relief. This is the fourth tranche of debt service relief from the Catastrophe Containment and Relief Trust (CCRT) for 24 member countries with eligible debt falling due in the period through January 10, 2022. The approval of the fourth tranche, totaling approximately \$124 million (Sh13.7 billion), follows three prior tranches approved on April 13, 2020, October 2, 2020, and April 1, 2021. According to IMF, the debt service relief helps free up scarce financial resources for vital health, social, and economic support to mitigate the impact of the Covid-19 pandemic. Kenya's debt currently at Sh7.7 trillion however remains sustainable, IMF says, but the country is at high risk of debt distress.

Indicative Forex Rates

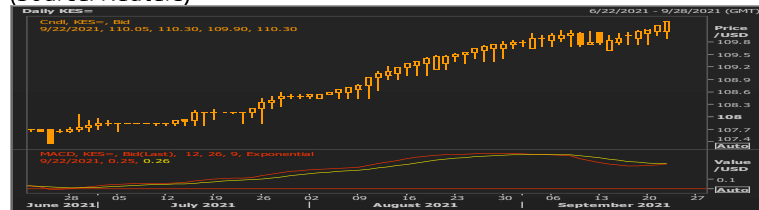
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.30	114.30	108.80	113.80
GBP/KES	146.75	154.75	146.50	155.50
EUR/KES	123.60	128.60	124.40	131.40
AED/KES	28.66	31.66	28.16	32.16

Money Market Rates	Current	Previous	Change
Interbank Rate	5.443%	6.020%	-0.577
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	-0.53829	0.24325
12 months	0.25663	-0.48657	0.51938

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index slipped to 94.358 on Tuesday ahead of U.S. consumer price data that could provide additional clues on when the Federal Reserve will taper stimulus and raise interest rates. Three Fed officials, said on Tuesday that the U.S. economy has healed enough to begin to scale back the U.S. central bank's asset-purchase program. Money markets are now pricing about a 50-50 chance of a rate increase by July 2022. The central bank will also release the minutes from its latest meeting during the day.

The GBP/USD pair soared to \$1.3617 on Tuesday following UK jobs data that met expectations and left sentiment in place for future rate rises from the Bank of England intact. Additionally, British employers expanded their payrolls to a record high in September. This leaves scopes for the Bank of England to raise interest rates as risks of stagflation are limited so long as the jobs market is improving. On the other hand, there are risks relating to Brexit woes and the UK's energy crisis. The UK's Brexit Minister made a speech with a plea to the European Union to allow for "significant change" to post-Brexit rules governing trade with Northern Ireland.

The euro attempted recovery on Tuesday at \$1.1555, despite the ECB dovish outlook. An ECB Governing Council member showed his concern over the failure of meeting the 2023 inflation target then exceed it. His comments seemed to support the existing accommodative monetary policy in place.

Elsewhere, global oil prices dropped on Wednesday to \$82.72 per barrel, after a mixed finish in the previous session, amid worries that soaring coal and natural gas prices in China, India and Europe will stoke inflation and slow global growth.

Indicative Profit Rates on Deposits

	Amounts > 10 million	Amounts >100,000
	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	1.1420	1.1850
GBP/USD	1.3430	1.4010
USD/AED	3.6605	3.6870
USD/JPY	108.05	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.