



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 13TH SEPTEMBER 2021

### DOMESTIC NEWS

The Kenya shilling was stable against the dollar on Friday after hard currency inflows into the government's debt were equally matched with demand from oil and merchandise importers on a day marked with slow trade.

By close of the day, the local unit stood at 109.80/110.00 to the dollar, similar to the day's opening.

Last week's mopping up of KES 106.8 billion which is due for remittance today has been tipped to ease pressure on the shilling by drying up part of the liquidity seen in the financial system. It is unclear whether the Central Bank of Kenya will invoke a tap sale to mop KES 44.5 billion left on the table during the opening issue of the paper. Treasury bonds auctions in the last three months have all returned oversubscriptions in bids allowing the government to front load its domestic debt programme for the year without having to pay over the odds in interest for the funds.

Elsewhere, the Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 9,629 million (5.89 months of import cover) as at September 09. 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	106.35	113.35	106.85	112.85
GBP/KES	147.79	155.79	148.29	155.29
EUR/KES	126.02	133.02	126.52	132.52
AED/KES	27.91	31.91	27.91	31.91

Money Market Rates	Current	Previous	Change
Interbank Rate	3.5607%	3.6237%	0.063
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	0.14938	-0.53529	0.10413
12 months	0.22250	-0.49714	0.23738

(Source: Reuters)

### INTERNATIONAL NEWS

The dollar has begun the week full of big economic data on a firm footing, with investors wary of the Federal Reserve beginning its exit from super-supportive policy even as cases of the coronavirus surge. U.S. consumer price data to be released tomorrow are expected to show core inflation easing slightly to 4.2%.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.10% to 92.668.

Euro is down to \$1.1795 as the greenback continues to benefit both from safety flows and the policy outlook lifting yields on U.S. Treasuries. 10-year US Treasuries were sold for a third straight week last week - the longest streak since yields lurched higher in February and March - lifting the yield to 1.3462%. ECB decided to slow down the pace of asset purchases as the region rebounded as ECB President Christine Lagarde noted that the bank was not tapering its purchases and was not considering hiking interest rates any time soon.

Pound inched down 0.02% to \$1.3820 after the relatively mixed economic numbers from the United Kingdom. The data revealed that the country's economy rose by 0.1% in July after rising by 5.7% in the previous month. These numbers show that the UK economy started to flatten because of the Delta variant.

Oil prices climbed 0.7% to a one-week high with Brent at \$73.40 per barrel in a second straight session of gains as concerns over U.S. supplies following damage from Hurricane Ida supported the market along with expectations for higher demand. About three-quarters of the U.S. Gulf's offshore oil production, or about 1.4 million barrels per day, has remained halted since late August.

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	1.1680	1.1915
GBP/USD	1.3710	1.3950
USD/AED	3.6610	3.6865
USD/JPY	108.85	111.25

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