



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH OCTOBER 2021

DOMESTIC NEWS

The home unit succumbed to further losses versus the greenback in Thursday's active session. Augmented dollar demand from energy and manufacturing sectors dominated counters through the day amidst dwindling inflows, leaving the USDKES pair's price action skewed to the upside in what was a one way move. Looking ahead, it remains to be seen whether the depreciation of the home unit will continue, and new trading ranges set. The direction of the USDKES pair remains at the mercy of the larger market sentiment. By close of day, the local unit stood at 110.80/111.00 as compared to Wednesday's close of 110.75/110.95.

In the meantime, The World Bank has projected Kenya's economy to grow by 5% in 2021, an upward revision from 4.5% projected in June. The growth is occasioned by improvements in construction, education, information and communication, and real estate sectors. Treasury CS Ukur Yatani says the full resumption of activities in the education sector and the hotel industry, which were almost halted for the better part of 2020, is likely to significantly boost growth this year. The lender had previously cut Kenya's growth forecast from 6.8%, which was to be the fastest in Africa, and a more ambitious prediction than the government's estimate of 6.4%. According to the Economic Survey 2021, the growth in global trade is expected to boost external demand for Kenya's products and thereby augment the country's economic growth.

Indicative Forex Rates

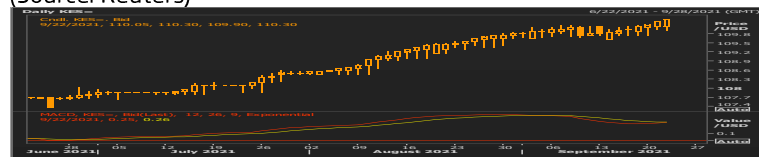
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.40	114.40	108.90	113.90
GBP/KES	147.80	155.80	147.50	156.20
EUR/KES	124.35	128.90	125.15	132.70
AED/KES	28.69	31.69	28.19	32.19

Money Market Rates	Current	Previous	Change
Interbank Rate	3.638%	5.141%	-1.503
91-Day T-bill	6.952%	6.935%	0.017
182-Day T-Bill	7.428%	7.316%	0.112
364-Day T-Bill	8.225%	8.028%	0.197
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	0.15675	-0.54086	0.27250
12 months	0.26575	-0.48629	0.53950

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index headed for its first weekly decline versus major peers since the start of last month on Thursday at 94.034, falling back from a one-year high as traders turned their attention to when the U.S. Federal Reserve will start raising interest rates. Minutes of the Fed's September meeting confirmed this week that a tapering of stimulus is all but certain to start this year, although policymakers are sharply divided over inflation and what they should do about it. Money markets are currently pricing in about 50/50 odds of a 25-basis point rate hike by July.

The GBP/USD pair struggled around \$1.3733 on Thursday as the Bank of England officials signalled an imminent rate hike and acted as a tailwind for the sterling. In addition, the European Union (EU) threatened to escalate the Brexit clash if the UK quits the Northern Ireland deal despite the fact that the EU offered to reduce customs checks and paperwork on British products intended for Northern Ireland.

The euro edged higher to \$1.1600 on Thursday. However, it remains to be seen if the recovery attempts in the main currency pair from 15-month lows of 1.1524 sustain amid rising bets for earlier Fed rate hike while the European Central Bank (ECB) refrains from providing any hints on the scale back of the pandemic stimulus. Further, the risk-on mood-driven rebound in the US Treasury yields could also limit EUR/USD's advance.

Elsewhere, global oil prices climbed on Friday to \$84.62 per barrel, heading for gains of more than 2% for the week, on increasing signs of robust demand and tighter supplies over the next few months as rocketing gas and coal prices stoke a switch to oil products.

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	1.1460	1.1870
GBP/USD	1.3460	1.4020
USD/AED	3.6645	3.6890
USD/JPY	108.10	115.90

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.