



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH SEPTEMBER 2021

DOMESTIC NEWS

The Kenyan shilling was relatively stable against the dollar on Tuesday as inflows were equally matched with importer demand to close the day at 109.80/110.00 compared to the day's opening of 109.75/95. Massive dollar inflows in recent days chasing the recently concluded tax-free infrastructure bond were forecast to boost the official forex reserves at the apex bank and thus offer a buffer to the local unit against any further depreciation but there is continued pressure on the shilling due to increase in global oil prices, coupled with reduced dollar inflow from key export earning sectors such as agriculture and tourism.

Elsewhere, fuel prices at the pump have risen to the highest level in Kenya's history after the State through the Energy and Petroleum Regulatory Authority (EPRA) discontinued a subsidy scheme introduced in April to ease public outrage over the high cost of living. The jump in fuel prices is also partly linked to costly crude attributed to signs of demand growth as the global economy recovers from the Covid-19 economic fallout as well as a depreciating shilling. The spike in pump prices will release pricing pressure across the economy and have consequences on the cost of living. There is also a likelihood that the inflation rate, currently at 6.57% as at August 2021, will breach edge closer to the government's upper target of 7.5% at the end of this month.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.45	113.45	106.95	112.95
GBP/KES	147.79	155.79	148.29	155.29
EUR/KES	126.27	133.27	126.77	132.77
AED/KES	27.93	31.93	27.93	31.93
Money Market Rates	Current	Previous	Change	
Interbank Rate	3.8619%	3.7179%	0.144	
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	0.14863	-0.53514	0.10525
12 months	0.22313	-0.49529	0.24138

(Source: Reuters)

INTERNATIONAL NEWS

The dollar is up in early trade but remains within recent ranges after softer-than-expected U.S. inflation data showed that the core consumer price index (CPI) grew 4% year-on-year and 0.1% month-on-month in August, raising doubts that the Federal Reserve would begin asset tapering in 2021. Tapering tends to benefit the dollar as it suggests the Fed is one step closer toward tighter monetary policy. It also means the central bank will be buying fewer debt assets, effectively reducing the number of dollars in circulation. Markets now look to the Fed's latest policy decision, due to be handed down next week, for further timeline clues.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.04% to 92.648. Pound inched down 0.07% to \$1.3819 even as labour market data showed that the total number of payrolled employees in Britain has climbed to pre-pandemic levels. Markets are assessing Britain's post-lockdown economic recovery and how that may play into the Bank of England's stance on interest rates, currently at record lows. The data shows continued recovery in Britain's job market as the government phases out its furlough support programme, which will finish on Sept. 30. The Bank of England expects inflation to rise sharply this year and hit a peak of 4% which would reinforce expectations that BOE is set to tighten its monetary policy quicker than the European Central Bank or the U.S. Federal Reserve. Euro was flat at \$1.1805 as European Central Bank Chief Economist Philip Lane speaks at the IMF's webinar later in the global day.

Elsewhere, Oil was up 0.63% with Brent at \$74.06 per barrel with data showing a larger-than-expected draw in U.S. crude oil supplies. Expectations that COVID-19 vaccination rates will also contribute to economic recovery from COVID-19 also improved the fuel demand outlook.

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	1.1700	1.1925
GBP/USD	1.3710	1.3950
USD/AED	3.6610	3.6865
USD/JPY	108.35	110.95

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