



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH DECEMBER 2021

DOMESTIC NEWS

A choppy Thursday session saw the home unit sink further against the greenback. Foreign currency demand to spin the USD/KES currency pair in favor of the greenback. The Kenyan currency closed the session on the defensive as demand from different sectors of the economy offset the waning supply. In the new day, markets remain focused on flows to determine direction for the USD/KES pair, with players inclined to a weaker shilling amid limited foreign currency inflows. By close of day, the local unit stood at 113.00/113.20 as compared to Wednesday's close of 112.95/113.15.

In the meantime, The World Bank has noted the resilience of Kenya's economy despite COVID-19 shock 2021 as a whole with the gross domestic product (GDP) expected to grow by 5% in 2021 and 4.9% in 2022, one of the faster recoveries among Sub-Saharan African countries. According to the 24th edition of the Kenya Economic Update, the rebound will be driven by the services sector as employment conditions and household incomes improve above pre-pandemic levels. Kenya's economy has shown considerable resilience to the enormous shock of the pandemic, and this year is expected to post one of the stronger growth rebounds in the region thanks to diversified sources of growth and sound economic policies and management. The report further noted that the mix of containment measures which were in effect through most of 2021 were limiting the impact on economic activities.

Indicative Forex Rates

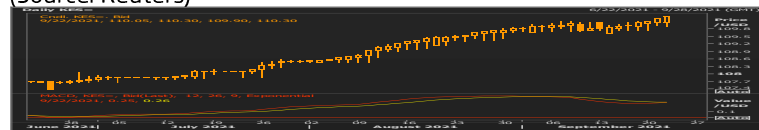
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	109.60	116.60	111.10	116.10
GBP/KES	146.70	154.70	146.40	155.40
EUR/KES	123.79	131.69	124.59	132.09
AED/KES	29.29	32.29	28.79	32.79

Money Market Rates	Current	Previous	Change
Interbank Rate	4.616%	4.371%	0.245
91-Day T-bill	7.265%	7.280%	-0.015
182-Day T-Bill	7.977%	7.984%	-0.007
364-Day T-Bill	9.164%	9.091%	0.073
Inflation	5.800%	6.450%	-0.650
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya

LIBOR Rates	USD	EUR	GBP
6 Months	0.30150	-0.56314	0.31413
12 months	0.51688	-0.49529	0.68188

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index remained under pressure on Thursday at 95.933, after the Bank of England and European Central Bank adopted more hawkish stances than markets had expected, giving a boost to sterling and the euro. The different paths taken by major central banks underline deep uncertainties about how the fast-spreading Omicron variant will hit economies and about how much each should do to fight surging inflation, which is hitting hard in the United States and Britain, but less so in Europe. The Bank of Japan announces a policy decision later Friday.

The GBP/USD pair climbed as high as \$1.3375 for the first time since Nov. 24 after the BOE hiked interest rates to 0.25% in a surprise move as it handed down its policy decision on Thursday. It is now the first key central bank to hike interest rates since the beginning of the COVID-19 pandemic.

The euro steadied around the \$1.13315 mark on Thursday, after hitting its highest in December. The European Central Bank (ECB) in its own policy decision handed down on the same day as the BOE, announced plans toward asset tapering over the upcoming quarters. However, the central bank also emphasized policy flexibility.

Elsewhere, global oil prices dipped on Friday to \$74.28 per barrel, as surging cases of the Omicron coronavirus variant raised fears new curbs may hit fuel demand, while a weaker dollar supported commodity markets broadly. Meanwhile, The Organization of the Petroleum Exporting Countries, Russia and allies, together known as OPEC+, have said they could meet ahead of their scheduled Jan. 4 meeting if changes in the demand outlook warrant a review of their plan.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	USD	KES
2 Weeks	6.25%	0.25%		
1 Month	6.50%	0.50%		
3 Months	7.20%	0.75%		
6 Months	7.75%	1.00%		
1 year	8.00%	1.25%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1270	1.1460
GBP/USD	1.3240	1.3640
USD/AED	3.6645	3.6890
USD/JPY	108.10	116.70

For more details, contact our Treasury staff Mary, Bernard, Loryne Evelyn on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913351/54/55. 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.