



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH NOVEMBER 2021

DOMESTIC NEWS

The shilling played nervously on the back foot on Tuesday weighed down by tenacious demand for the greenback. The local currency traded with a slightly bearish bias in the wake of dollar buying by players from the corporate sector, leading the home unit lower than the previous close. In today's trading, expectations are for the USDKES pair to remain bound within the current range, with a slight bearish tinge should the recently witnessed demand persists. That said, the market remains to be flow-driven as foreign currency demand and supply battle for supremacy in the local FX market. By close of day, the local unit stood at 112.05/112.25 as compared to Monday's close of 111.90/112.10.

In the meantime, diaspora remittances to Kenya improved marginally last month, with the US dominating as the leading source of inflows. Kenyans living and working abroad sent home \$337.4 million (Sh37.8 billion) in October, an 8.9 per cent increase from \$309.8million (Sh34.7billion) in September. In a similar month last year, total remittances were \$263.1 million (Sh29.4 billion). This represents a 28.2 per cent increase, meaning Kenyans abroad sent more money this year despite the impact of Covid-19 continuing to be felt across economies. The cumulative inflows for the 12 months to September 2021 totaled \$3.605 billion (Sh403.9billion), a 19.9 per cent increase compared to \$3.006 billion (Sh336.8billion) in the same period last year. According to the latest weekly bulletin by the CBK, the United States remains the largest source of remittances into Kenya, accounting for 65.9 percent in October 2021.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	108.50	115.50	110.00	115.00
GBP/KES	146.32	154.32	146.02	154.72
EUR/KES	122.10	130.00	122.90	130.40
AED/KES	28.99	31.99	28.49	32.49

Money Market Rates	Current	Previous	Change
Interbank Rate	5.261%	5.361%	-0.100
91-Day T-bill	7.070%	7.097%	0.027
182-Day T-Bill	7.683%	7.554%	0.129
364-Day T-Bill	8.745%	8.624%	0.121
Inflation	6.450%	6.950%	-0.500
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.22538	-0.55057	0.29488
12 months	0.39425	-0.48700	0.65088

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was up on Tuesday at 96.043, remaining near a 16-month peak. Investors also digested the latest U.S. economic data and raised bets for an earlier-than-expected interest rate hike from the U.S. Federal Reserve. Data released on Tuesday showed that the U.S. retail sales grew 1.7%, which is better than expected. Core retail sales grew a better-than-expected 1.7%. The U.S. economy looks to have shaken off the COVID-19 Delta variant soft patch and is regaining forward momentum, albeit with heavy ongoing supply chain issues and reopening bottleneck.

The GBP/USD pair plunged to \$1.3420 on Tuesday. The latest UK employment data underpinned bullish bias towards the Bank of England's (BoE) next moves. The latest jobs report showed employer payrolls growing by 160K in October, thus easing concerns about the post-end of furlough health of the UK labour market that prevented the BoE from hiking rates in November.

The euro renewed its vow and continues to slide in the Tuesday session at \$1.1300. The pair expects that the European Central Bank (ECB) would stick to its dovish policy settings in the near term against the backdrop of a slowing economy. Germany will vote on Thursday on stricter measures to curb its. European Central Bank (ECB) President Christine Lagarde will speak later in the day, with ECB board member Isabel Schnabel also speaking at a separate event.

Elsewhere, global oil prices dropped on Wednesday to \$80 per barrel after U.S. gasoline stocks fell more than expected last week, which could heighten pressure on the Biden administration to release oil from emergency reserves to cap soaring gasoline prices.

Indicative Profit Rates on Deposits

	Amounts > 10 million	
	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	1.1210	1.1340
GBP/USD	1.3305	1.3710
USD/AED	3.6645	3.6890
USD/JPY	108.70	115.60

For more details, contact our Treasury staff Mary, 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.