



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 17TH SEPTEMBER 2021

### DOMESTIC NEWS

The Kenyan shilling was stable on Thursday despite an uptick in importer demand for dollars as well as corporates dividend payments to close the day at 109.95/110.15, unchanged from the day's opening. Purchases of assets abroad also continue to add pressure to the local unit.

The ongoing recovery of key economic sectors will ease pressure on the Central Bank of Kenya to roll out additional policy support measures despite a 0.3 percent contraction last year. The next meeting of the Monetary Policy Committee (MPC) will be held on Tuesday, September 28, 2021.

Elsewhere, new data from the Central Bank of Kenya (CBK) indicates that Kenya's debt to GDP ratio now stands at an improved 67.5% as of the end of June 2021 after the change of the base year to 2016. The Kenyan economy is now greater by KES 515 billion than previously thought.

CBK Governor Patrick Njoroge told the Senates' Finance and Budget Committee that Kenya's fiscal deficit rate could also be lower after the higher GDP print. Total debt service to revenue ratio is estimated at 43% with the CBK citing increased fiscal deficits from increased capital expenditure, worsening terms on new loans, lower concessionally and exogenous economic shocks such as COVID-19 for the rise in the country's debt.

CBK shows the stock of public debt at KES 7.7 trillion at the end of June this year to include KES 3.7 trillion in domestic debt and KES.4 trillion in external debt.

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.60	113.60	107.10	113.10
GBP/KES	148.04	156.04	148.54	155.54
EUR/KES	126.07	133.07	126.57	132.57
AED/KES	27.97	31.97	27.97	31.97

Money Market Rates	Current	Previous	Change
Interbank Rate	3.8619%	3.7179%	0.144
91-Day T-bill	6.870%	6.781%	0.089
182-Day T-Bill	7.250%	7.253%	0.003
364-Day T-Bill	7.845%	7.777%	0.068
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	0.14838	-0.53443	0.10638
12 months	0.22163	-0.49529	0.24800

(Source: Reuters)

### INTERNATIONAL NEWS

The dollar held near three-week highs against a basket of major currencies in early trade after a raft of strong U.S. economic data rekindled expectations of an earlier policy tightening by the U.S. Federal Reserve. U.S. retail sales unexpectedly increased in August, rising 0.7% from the previous month despite expectations of a 0.8% fall and 1.8% month-on-month.

Separately, the U.S. Treasury has said it had disbursed about \$700 billion of \$1 trillion in COVID-19 relief programs directly to families and households in the first six months since the American Rescue Program (ARP) was signed into law. Markets will now wait and see whether the data will impact the Fed's timeline for asset tapering when the central bank hands down its policy decision next week.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched down 0.03% to 92.865. Euro hit a three-week low of \$1.1750 overnight and is currently trading at \$1.1770 in response to the moderate recovery in the dollar.

Sterling eased to \$1.3805 after strong CPI data reinforced hawkish Bank of England's rhetoric and added to implied probabilities for rate hikes. News of an extensive Cabinet reshuffle by UK Prime Minister Boris Johnson to help the government improve living standards during the COVID-19 pandemic has had little impact on the Pound. Elsewhere, Oil prices fell 0.2% with Brent at \$75.50 per barrel as more supply came back online in the U.S. Gulf of Mexico following Hurricane Ida which damaged facilities in August and tropical storm Nicholas hit this week.

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	1.1650	1.1820
GBP/USD	1.3685	1.3945
USD/AED	3.6610	3.6865
USD/JPY	108.65	111.15

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