



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH NOVEMBER 2021

DOMESTIC NEWS

There was no respite for the home unit on Wednesday as it weakened further against the U.S. dollar, taking the USDKES pair to weekly highs. The home unit was under pressure as demand for the greenback from various sectors amidst muted foreign currency supply pushed the USDKES pair to close weaker from the day's opening levels. The direction of the USDKES pair remains at the mercy of the larger market sentiment. By close of day, the local unit stood at 112.05/112.25 as compared to Tuesday's close of 111.95/112.15.

In the meantime, Kenya's National Treasury has said plans are at advanced stages to merge Industrial and Commercial Development Corporation (ICDC), Industrial Development Bank (IDB) and Tourism Finance Corporation. The new outfit, Kenya Development Corporation, is expected to enhance capacity to meet the financing requirements of key sectors of Kenya's economy, at below commercial rates and long tenure debt financing. Further, the merger of Kenya Export Promotion and Branding Agency (KEPROBA) with Ken-Invest and KTB and Kenya Yearbook on the other hand to form Promotion Kenya Agency is also at advanced stages. Kenya's National Treasury has meanwhile guaranteed a number of loans to State Corporations and Government-linked firms mainly to undertake strategic projects and investments. According to a review of Kenya's three-year financial package from the International Monetary Fund, Kenya must maintain momentum on the structural reform agenda.

Indicative Forex Rates

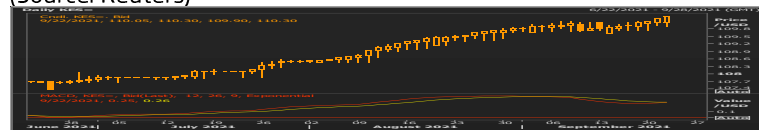
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	108.75	115.75	110.25	115.25
GBP/KES	147.40	155.40	147.10	155.80
EUR/KES	122.69	130.59	123.49	130.99
AED/KES	29.06	32.06	28.56	32.56

Money Market Rates	Current	Previous	Change
Interbank Rate	5.161%	5.261%	-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	0.22775	-0.54971	0.31200
12 months	0.39913	-0.48857	0.68725

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index hovered below a 16-month peak on Wednesday at 96.226 as Investors remained concerned about central banks hiking interest rates faster than expected. Better-than-expected U.S. retail sales data earlier in the week gave the dollar's recent rally a boost. U.S. inflation, which hit a record 30-year high in October, and also raised bets that the U.S. Federal Reserve will hike rates around the middle of 2022. However, the sustainability of the current dollar strength beyond the next few months looks far from certain. Market expectations of the Fed are starting to be particularly hawkish, suggesting limited tailwinds for the dollar going forward from that factor.

The GBP/USD pair eased to \$1.3485 on Wednesday, amid cautious sentiment on Brexit. The quote's run-up on Wednesday could be linked to the strong prints of the UK Consumer Price Index (CPI) data and chatters that the London and Brussels may agree on some parts of the Northern Ireland (NI) border protocol during Friday's key talks.

The euro dipped to \$1.1316 on Wednesday, as the European Central Bank is widely perceived to be in the back of the line in hiking interest rates. Previously, ECB president Christine Lagarde said that tightening monetary policy to curb inflation could choke off the Eurozone's recovery. She further iterated factors pushing prices higher would fade next year, increasing contrast from hawkish hints from other central banks.

Elsewhere, global oil prices dipped on Thursday to \$79.90, as it continued the previous session's downward trend. U.S. oil came under pressure after the U.S. reportedly asked major oil consumers, including China and Japan, to consider a coordinated release of oil reserves in a bid to lower sky-high 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.