



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH NOVEMBER 2021

DOMESTIC NEWS

The shilling was the under-achiever in Thursday's trading against the U.S dollar, as tenacious greenback appetite from various sectors of the economy hampered the local unit's quest for dominance. A number of corporates players were on scene roiling the market in search for decent offers on the US dollar. This saw the shilling chase the elusive dollar, to take the USDKES currency pair higher. By close of day, the local unit stood at 112.15/112.35 as compared to Tuesday's close of 112.05/112.25.

In the meantime, The Government of Kenya has announced plans to offer a third economic stimulus package worth KSh26.2 billion, seeking to aid the recovery of key economy sectors affected by the global COVID-19 pandemic. This will bring the total stimulus package to more than KSh79.9 billion, having spent about KSh53.7 billion in the first stimulus programme launched in March last year, which was followed by a number of relief measures in the second phase. The new stimulus programme will target key productive and service sectors in thirteen strategic areas, including agriculture, health, education, drought response, policy, infrastructure, financial inclusion, energy, and environmental conservation. To complete the ongoing reforms in the coffee sub-sector, the government will allocate KSh1 billion to the Ministry of Agriculture, while KSh8 billion will be allocated to the Ministry of Education for the CBC infrastructure expansion programme.

Indicative Forex Rates

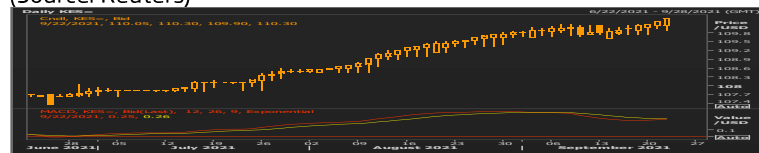
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	108.70	115.70	110.20	115.20
GBP/KES	147.33	155.33	147.03	155.73
EUR/KES	123.00	128.60	123.80	131.30
AED/KES	29.05	32.05	28.55	32.55

Money Market Rates	Current	Previous	Change
Interbank Rate	5.129%	5.161%	-0.032
91-Day T-bill	7.114%	7.070%	0.044
182-Day T-Bill	7.747%	7.683%	0.064
364-Day T-Bill	8.840%	8.745%	0.095
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	0.22863	-0.54671	0.31088
12 months	0.39863	-0.48571	0.69188

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index strengthened to 95.531 on Thursday, as traders wager on interest rates rising faster. The U.S. Federal Reserve is now contemplating earlier interest rate hikes as inflation continues to rise and the economic recovery from COVID-19 continues. Data from the previous week also indicated that inflation rose to its highest level in 30 years in October. Meanwhile, Thursday's data showed that 268,000 initial jobless claims were filed in the U.S. throughout the week. Although close to pre-COVID levels, the number was higher than the 260,000 figure in forecasts. A shortage of workers continues to be an obstacle to faster job growth.

The GBP/USD pair traded modestly on Thursday at \$1.3500 levels as the Bank of England (BoE) is burdened with the pressure to increase interest rates in their next month's meet. As a result, investors are keenly waiting, in fact, they are quite hopeful that the BoE's decision on rate hike will be in their favor. It is worth mentioning that the ongoing labour shortage in the region is likely to pressure the BoE further to increase rates before any of its peers. Other than this, Brexit talks continue to weigh over the sterling.

The euro kept investors entertained on Thursday at \$1.1370 as they continue to remain hopeful, despite the possibility of the pair moving southwards. However, the latest European Central Bank Governing Council has slightly dampened the market sentiments.

Elsewhere, global oil prices rose on Friday to \$81.77 per barrel, on investor concerns that potential coordinated releases by the world's major economies of their official crude reserves to try to lower prices may have less of an impact than expected.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	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	1.1220	1.1370
GBP/USD	1.3310	1.3720
USD/AED	3.6645	3.6890
USD/JPY	108.50	115.70

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.