



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 1ST OCTOBER 2021

DOMESTIC NEWS

The Kenyan shilling was unchanged against on Thursday the U.S. dollar as foreign currency demand and supply became matched. An uptick in activity across the counters saw the pair oscillate between gains and losses, ending the session within similar ranges. Price action for the USD/KES pair was largely flow driven. Today's trading is expected to be range bound as players look out for new fundamentals to guide the direction of the home unit. By close of the day, the local unit stood at 110.40/110.60, the same as the previous day's close.

In the meantime, Kenya's overall year-on-year inflation rate in September rose to 6.91 percent up from the 6.57 percent recorded in August, the latest data by the Kenya National Bureau of Statistics (KNBS) said. KNBS, in a statement, attributed the increase to a rise in prices of commodities with the food and food and non-alcoholic beverages and transport increasing by 10.63 and 9.21 percent respectively compared to September 2020. The month-to-month food and non-alcoholic drinks index increased by 0.11 percent between August 2021 and September 2021. This was mainly attributed to an increase in prices of some food items, which outweighed the decrease in prices of others. The Central Bank of Kenya (CBK) Monetary Policy Committee had Tuesday projected a rise in inflation pressures in the near term, mainly driven by increases in fuel and food prices. The regulator, nonetheless, said that inflation is expected to remain within the target 7 percent range with muted demand pressures.

Indicative Forex Rates

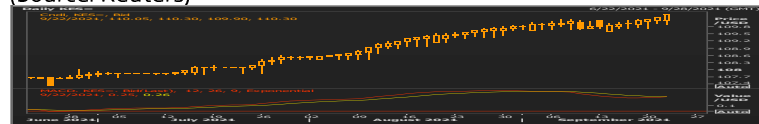
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.00	114.00	108.50	113.50
GBP/KES	144.50	152.50	145.00	152.00
EUR/KES	120.70	128.20	125.30	131.30
AED/KES	28.58	31.58	28.58	31.58

Money Market Rates	Current	Previous	Change
Interbank Rate	6.920%	6.814%	0.106
91-Day T-bill	6.896%	6.896%	0.000
182-Day T-Bill	7.282%	7.282%	0.059
364-Day T-Bill	7.949%	7.890%	0.045
Inflation	6.910%	6.570%	0.340
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.15738	-0.53286	0.15738
12 months	0.24063	-0.49157	0.35200

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index edged lower from a one-year high on Thursday in choppy trading at 94.504, pressured a little bit by a rise in U.S. weekly jobless claims, with market players consolidating gains after a steep rise the last few sessions. The greenback overall has been supported by the spike in U.S. Treasury yields amid expectations that the Federal Reserve will taper its monetary stimulus beginning in November even as global growth slows. That said, another report confirmed that U.S. economic growth accelerated in the second quarter, at a 6.7% clip, thanks to pandemic relief money from the government, which boosted consumer spending.

The GBP/USD pair clung to \$1.3450 on Thursday as Investors remained nervous about the UK rising inflation concerns. The "stagflation" fear due to the higher inflation, dismal economic growth and high unemployment failed to subside even after the recent data suggested that UK economic growth for Q2 was revised higher to 5.5% against the market expectations of 4.8%.

The euro slipped to \$1.1570 on Thursday. ECB President Christine Lagarde considers inflation issues as transitory and opts for the dovish monetary policy stance. Meanwhile, Eurozone Finance Ministers will discuss soaring energy prices on Monday and about the concerns of slowing economic recovery, higher inflation prospects, and impact on investment decisions.

Elsewhere, global oil prices dropped on Friday to \$78.24 per barrel on the prospect that the OPEC+ supplier alliance might step up a planned increase in output to ease supply concerns, with soaring gas prices spurring power producers to switch from gas to oil.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	USD	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	1.1420	1.1890
GBP/USD	1.3420	1.4160
USD/AED	3.6605	3.6870
USD/JPY	108.30	111.80

For more details, contact our Treasury staff Loryne and Evelyn on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913354/55/51. 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.