



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH SEPTEMBER 2021

DOMESTIC NEWS

The Kenyan shilling inched down on Friday due to increased demand for dollars from oil and merchandise importers against cash inflows from exports and Kenyans abroad. Despite the Central Bank support to the market to cushion the local unit during the week, it did not bring down the depreciating wave. The rebound in oil prices continues to increase Kenya's import bill and thus putting downward pressure on the shilling.

By close of the day, the local unit stood at 110.05/25 to the dollar, compared to the day's opening of 109.95/110.15.

The Central Bank of Kenya usable foreign exchange reserves remained adequate at USD 9,619 million (5.88 months of import cover) as at September 16. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover.

Elsewhere, a status report on Kenya's Public Debt presented to the Senate Committee on Finance and Budget by the Central Bank of Kenya Governor Dr Patrick Njoroge shows that China is the leading bilateral lender to Kenya, accounting for 67% of its external debt followed by Japan(14%), France(7%) with other countries accounting for 11%. China has invested heavily in several big-ticket infrastructure projects that include the Standard Gauge Railway as well as major road networks.

In March 2021, the IMF assessed Kenya's public and publicly guaranteed debt as sustainable but with a high risk of debt distress. However, CBK maintains that Kenya's debt sustainability is expected to improve as fiscal consolidation progresses and exports and output recover from the global shock.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.65	113.65	107.15	113.15
GBP/KES	147.02	155.02	147.52	154.52
EUR/KES	125.56	132.56	126.06	132.06
AED/KES	27.99	31.99	27.99	31.99
Money Market Rates	Current	Previous	Change	
Interbank Rate	5.4696%	4.1884%	1.281	
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	0.15225	-0.54100	0.10900
12 months	0.22438	-0.49700	0.25625

(Source: Reuters)

INTERNATIONAL NEWS

The dollar is up in early trade though moves are small as Chinese and Japanese markets are closed and a slew of central banks, including the U.S. Federal Reserve, prepare to hand down their latest policy decisions. Markets wait for the Fed on Wednesday for clues on the asset tapering and interest rate hike timelines. An indebted developer China Evergrande with \$300 billion in debts and a bond interest payment of \$83.5 million due on Thursday has added extra nerves to a cautious mood on the greenback.

The U.S. Dollar Index that tracks the greenback against a basket of other currencies inched up 0.06% to 93.282. Pound is down 0.22% to 1.3710 even as the Bank of England is expected to leave policy settings unchanged after recent strong inflation and economic data but traders see potential for gains in the pound if the bank adopts a hawkish tone or more members call for asset purchase tapering. Britain is a net importer of fuels running a significant deficit in natural gas and the recent increase in gas prices has led to a larger deterioration in the UK's terms of trade compared to European peers.

Euro fell 0.1% to \$1.1715, its lowest since late August as Euro zone government bond yields reached two-month highs after a report suggested that the European Central Bank expects to hit its inflation target by 2025. Euro zone inflation for the month of August was confirmed at a 10-year high of 3%, well above the ECB's target. The central bank has pumped unprecedented amounts of stimulus into the COVID-19-hit euro zone economy.

Elsewhere, oil was down 0.54% with Brent at \$74.90 per barrel as the dollar strengthened to a three-week high and the U.S. rig count rose, although nearly a quarter of U.S. Gulf of Mexico output remained shut after Hurricanes Ida and Nicholas.

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	1.1600	1.1830
GBP/USD	1.3600	1.3830
USD/AED	3.6610	3.6865
USD/JPY	108.70	111.20

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