



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST OCTOBER 2021

DOMESTIC NEWS

The shilling waffled to the weaker side on Tuesday as demand for the greenback dominated the market. The narrative of a higher dollar demand side persisted in the local FX market as players held on to paltry inflows, leaving the local currency somewhat weaker by close of business. In today's session, the home unit remains exposed to further downside risks weighed down by burgeoning dollar demand. That said, players continue to keep an eye on any new developments and flows continue to guide the direction for the USDKES pair. By close of day, the local unit stood at 110.90/111.10 as compared to Monday's close of 110.85/111.05.

In the meantime, the growing concern about climate change has forced the Central Bank of Kenya to push lenders to institute measures to avert resultant financial loss. According to the recently published Guidance Note on Climate-related Risk Management, banks will from June next year have to factor climate change component in their lending mechanism. Under the new guidelines commercial banks and mortgage finance institutions will have to brief CBK on any financial risks arising from climate change. They have up to June 2022 to comply. The guide aims at guiding financial institutions to manage their climate-related risks by integrating climate-related risk management into their business decisions and activities. CBK wants the board of directors and senior management of an institution to formulate and implement climate-related financial risk management strategies, policies, procedures, guidelines and set minimum standards for an institution.

Indicative Forex Rates

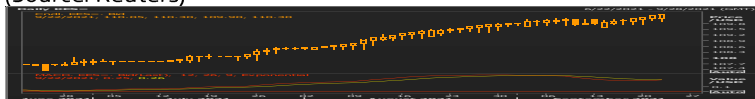
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.55	114.55	109.05	114.05
GBP/KES	149.45	157.45	149.15	157.85
EUR/KES	125.00	129.60	125.80	133.30
AED/KES	28.73	31.73	28.23	32.23

Money Market Rates	Current	Previous	Change
Interbank Rate	4.481%	4.283%	0.198
91-Day T-bill	6.952%	6.935%	0.017
182-Day T-Bill	7.428%	7.316%	0.112
364-Day T-Bill	8.225%	8.028%	0.197
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	0.16750	-0.53457	0.41925
12 months	0.29213	-0.48157	0.72800

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index dipped on Wednesday to \$93.57 as risk sentiment improved and as investors focused on rising commodity prices, when global central banks are likely to begin hiking interest rates to fend off persistently high inflation. The greenback hit a one-year high against a basket of other currencies last week as market participants ramped up bets that the Federal Reserve will raise rates sooner than expected to quell rising price pressures. Market participants are pricing for the Fed to raise rates twice by the end of 2022. Separately, The Fed also said in its latest Beige Book that the U.S. economy grew at a "modest to moderate" rate in September and early October, as the latest surge of COVID-19 cases crested and began to recede.

The GBP/USD pair gained on Wednesday to \$1.3831 after data showed that British inflation slowed unexpectedly last month. The figures did little to change expectations that the Bank of England will become the world's first major central bank to raise rates. Meanwhile, softer UK inflation doused the Bank of England November rate hike expectations and briefly weighed on the pound a day before. Additionally, resurfacing concerns over a rising number of COVID-19 cases in the Kingdom also poses a threat to the pair's upside.

The euro flirted around \$1.1670 on Thursday as firmer inflation figures muted the European Central Bank (ECB) policymakers' efforts to tame the hawkish bets.

Elsewhere, global oil prices were mixed on Thursday at \$85.71 per barrel, as some investors scooped up profits from the recent rally while solid demand in the U.S. and a switch to fuel oil from coal and gas amid surging prices underpinned market sentiment.

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	1.1470	1.1850
GBP/USD	1.3440	1.4010
USD/AED	3.6645	3.6890
USD/JPY	108.50	115.80

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