



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST SEPTEMBER 2021

DOMESTIC NEWS

The shilling was the under-achiever in Monday'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. That said, the current trading ranges continue to be mainly flow driven with fundamentals taking a back seat in the interim as markets keenly follow the U.S. presidential elections trickling in. By close of day, the local unit stood at 110.10/110.30 as compared to Friday's close of 109.95/110.15.

In the meantime, Remittance inflows totaled to USD 312.9 million in August 2021 compared to USD 274.1 million in August 2020, a 14.2 percent increase. However, remittance inflows declined by 7.1 percent compared to USD 336.7 million in July, in line with seasonal factors. The cumulative inflows for the 12 months to August 2021 totaled USD 3,481 million compared to USD 2,921 million in the same period in 2020, a 19.2 percent increase. The United States continues to be the largest source of remittances into Kenya, accounting for 46.8 percent in August 2021. Subsequently, the 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.

Indicative Forex Rates

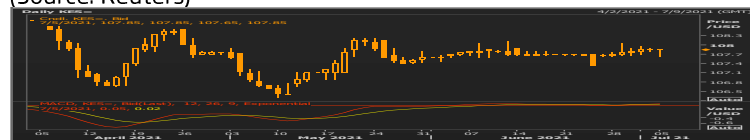
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.70	113.70	107.20	113.20
GBP/KES	146.70	154.70	147.20	154.20
EUR/KES	123.10	129.50	126.31	132.30
AED/KES	28.00	32.00	28.00	32.00

Money Market Rates	Current	Previous	Change
Interbank Rate	6.016%	5.469%	0.547
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%	6.550%	0.120
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)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index inched down to 93.172 on Monday. Market sentiment has been rattled by potential contagion from Evergrande, which is. Meanwhile, investors also await the U.S. Federal Reserve's latest policy decision, to be handed down on Wednesday. Expectations that the Fed will begin asset tapering earlier than expected have already given the dollar a boost.

The GBP/USD pair eased to \$1.3665 on Monday. The risk on mood could be well observed over the UK PM Boris Johnson's comments for France and Britain's easing of travel normal, risk appetite has many reasons to overcome Evergrande fears. Additionally, the Bank of England is also up for conveying the latest monetary policy decision and the Quarterly Inflation Report on Thursday.

The euro traded mildly at \$1.1740 on Monday. In the latest development, the US House Speaker Nancy Pelosi said she hopes for a \$3.5 trillion infrastructure bill but remained prepared for any adjustment. The prospects of House and Senate passage of the bill this week remained bleak over the disagreement among Democrats in both houses. In the meantime, the Fed chair is expected to pull back stimulus in the two-day FOMC meeting on Wednesday by reducing monthly bond purchases.

Elsewhere, global oil prices rose on Tuesday to \$74.55 per barrel as analysts pointed to signs of U.S. supply tightness, ending days of losses as global markets remain haunted by the potential impact on China's economy of a crisis at heavily indebted property group China Evergrande. Global utilities are switching to fuel oil due to rising gas and coal prices, and lingering outages from the Gulf of Mexico after Hurricane Ada that imply less supply is available.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts > 100,000	
	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	1.1620	1.1970
GBP/USD	1.3625	1.4165
USD/AED	3.6605	3.6870
USD/JPY	108.50	111.30

For more details, contact our Treasury staff Loryne, Evelyn and Benson 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.