



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND OCTOBER 2021

DOMESTIC NEWS

The home unit succumbed to further losses versus the greenback in Thursday's active session. Augmented dollar demand from energy and manufacturing sectors dominated counters through the day amidst dwindling inflows, leaving the USDKES pair's price action skewed to the upside in what was a one way move. Looking ahead, it remains to be seen whether the depreciation of the home unit will continue, and new trading ranges set. The direction of the USDKES pair remains at the mercy of the larger market sentiment. By close of day, the local unit stood at 111.00/111.20 as compared to Tuesday's close of 110.95/111.15. The decline of the shilling is likely to lead to imported inflation where the prices of goods may rise as traders need more local currency to buy imports.

In the meantime, the usable foreign exchange reserves remained adequate at USD 9,261 million (5.66 months of import cover). 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

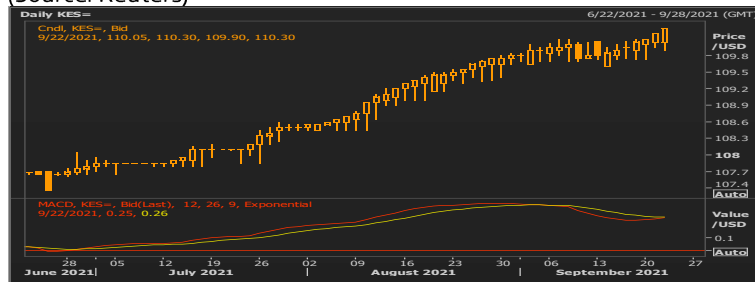
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.50	114.50	109.00	114.00
GBP/KES	149.15	157.15	148.90	157.60
EUR/KES	124.70	129.30	125.50	132.90
AED/KES	28.72	31.72	28.22	32.22

Money Market Rates	Current	Previous	Change
Interbank Rate	4.767%	4.481%	0.286
91-Day T-bill	7.020%	6.952%	0.068
182-Day T-Bill	7.417%	7.428%	-0.011
364-Day T-Bill	8.355%	8.225%	0.130
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	-0.54443	0.42150
12 months	0.29213	-0.48471	0.72713

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index dipped on Thursday to \$93.718 and was set for a second week of declines even as upbeat economic data gave the U.S. currency an earlier boost. The U.S. Federal Reserve should let its \$8 trillion balance sheet reduce over the next couple of years, Fed Governor Christopher Waller said on Thursday. His colleague, Atlanta Fed President Raphael Bostic, said he expects high inflation to persist into 2022 and the U.S. central bank should raise interest rates by the end of 2022. Fed Chairman Jerome Powell will also take part in a policy panel discussion later in the day.

The GBP/USD pair paused for breath at \$1.3798, on Thursday off a month peak hit earlier in the week, to which it had been carried by growing expectations of an interest rate hike to combat rising inflationary pressures. Separately, The Brexit-led optimism failed to uplift the sentiment surrounding the sterling, in the wake of the positive comments from UK Prime Minister Boris Johnson on the NI protocol. As for now, traders keep their focus on the UK Retail Sales and US Market Manufacturing Purchasing Managers Index data to gauge market sentiment.

The euro was indecisive around the \$1.1630 levels on Thursday. The major currency pair snapped a six-day uptrend on concerns that escalating price pressures in the US and Eurozone may push the respective central banks towards faster monetary policy normalization.

Elsewhere, global oil prices were down Friday morning to \$84.16 per barrel as U.S. supplies continue to tighten. The black liquid was set for a flat finish to the week, with easing coal and gas prices curbing the fuel-switching that had increased demand for oil products.

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	1.1450	1.1840
GBP/USD	1.3430	1.4020
USD/AED	3.6645	3.6890
USD/JPY	108.60	115.70

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.