



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 23RD NOVEMBER 2021

### DOMESTIC NEWS

A choppy Monday session saw the home unit sink further against the greenback. Foreign currency demand to spin the USD/KES currency pair in favor of the greenback. The Kenyan currency closed the session on the defensive as demand from different sectors of the economy offset the waning supply. In the new day, markets remain focused on flows to determine direction for the USD/KES pair, with players inclined to a weaker shilling amid limited foreign currency inflows. By close of day, the local unit stood at 112.30/112.50 as compared to Thursday's close of 112.20/112.40.

In the meantime, The Central Bank of Kenya (CBK) is set to hold its next Monetary Policy Committee (MPC) meeting on November 29th, 2021. At the last policy meeting, the top decision-making organ of the CBK maintained the benchmark Central Bank Rate (CBR) at 7%. The Monetary Authority first lowered the CBR to 7% from 7.25% in April 2020, at the height of the COVID-19 pandemic effects. MPC has retained these levels for the past 11 meetings. With pandemic lockdown measures, taken in March 2020 lifted, including removal of travel restrictions and cessation of night curfews, it will be interesting to observe how CBK will respond. The Committee observed at its last meeting in September 2021 that the economy is expected to rebound in 2021, supported by the continued reopening of the services sectors, recovery in manufacturing, and stronger global demand.

#### Indicative Forex Rates

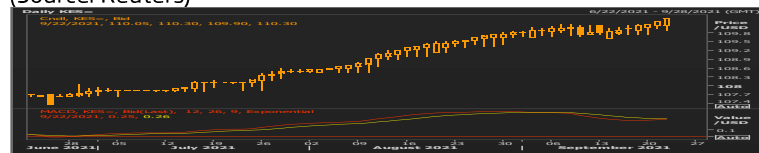
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	108.80	115.80	110.30	115.30
GBP/KES	146.40	154.40	146.10	154.79
EUR/KES	121.77	129.67	122.57	130.07
AED/KES	29.07	32.07	28.57	32.57

Money Market Rates	Current	Previous	Change
Interbank Rate	5.065%	5.129%	-0.064
91-Day T-bill	7.114%	7.070%	0.044
182-Day T-Bill	7.747%	7.683%	0.064
364-Day T-Bill	8.840%	8.745%	0.095
Inflation	6.450%	6.950%	-0.500
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.22938	-0.54457	0.29988
12 months	0.39175	-0.49129	0.66175

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was up on Monday at 96.573, remaining near a four-and-a-half-year high. Incumbent U.S. Federal Reserve Chair Jerome Powell's appointment to a second term increased bets that the U.S. will hike interest rates quicker than expected. Powell's renomination reinforced market expectations of interest rate hikes in 2022 when the Fed finishes its asset tapering program. Market bets on the pace of central banks' asset tapering and interest rate hikes have driven currency markets recently.

The GBP/USD pair plunged to \$1.3400 levels on Monday as the UK Brexit minister said divergence from the European Union (EU) rules 'national necessity' as he defends trade policy. His comments come a day after the European Commission Vice President accused the UK Brexit Minister of 'political posturing' over the Northern Ireland (NI) protocol.

The euro remained pressured on Monday at \$1.1230 as the European Central Bank policymakers' dovish comments and the market's firmer belief that the Fed will precede the regional central bank as far as the rate hike is concerned is weighing on the euro.

Elsewhere, global oil prices fell on Tuesday to \$76.17 per barrel, reversing gains in the previous session, on growing talks that the United States, Japan and India will release crude reserves to tame prices despite the threat of demand faltering as COVID-19 cases flare up in Europe. The United States is expected to announce a loan of crude oil from its emergency stockpile on Tuesday as part of a plan it hashed out with major Asian energy consumers to lower energy prices, a Biden administration source familiar with the situation said.

#### 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	1.1110	1.1460
GBP/USD	1.3220	1.3630
USD/AED	3.6645	3.6890
USD/JPY	108.20	116.60

For more details, contact our Treasury staff Mary, Bernard, Loryne Evelyn on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913351/54/55. 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.