



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

## TREASURY MARKET UPDATE 28<sup>TH</sup> SEPTEMBER 2021

### DOMESTIC NEWS

The local unit was relatively stable on Monday, in a low-key trading session where demand and supply counters remained balanced. The session saw recent dollar demand from importers ease, allowing the USD/KES currency pair to remain unchanged by close of business. By close of day, the local unit stood at 110.30/110.50 the same as Friday's close.

In the meantime, The Central Bank of Kenya (CBK) is expected to hold the key policy rate when the Monetary Policy Committee (MPC) holds its meeting on Tuesday, 28th September 2021. Credit to the private sector grew 7.7% in June 2021, against a target of 8.5% with commercial banks still preferring to pack the bus in Government Securities and other risk-free securities instead of lending to potentially defaulting private sector and individuals. The MPC is meeting at a time when there has been a huge hike in the price of fuel, that will run between September 15th to October 14th, 2021. At the same time, the Kenya Shilling has been on a losing streak, making it expensive for dealers to import crude. Kenya's August 2021 inflation climbed to 6.57% compared to 6.55% in July due to the high cost of food and transport. This scenario has not changed as late rains delay in most parts of the farming counties, affecting food supply. A rise in the price of imported crude oil is not helping matters. It will be interesting to watch how CBK juggles between retaining the CBR will cooling-off rising prices while protecting the Kenya Shilling for further battering.

#### Indicative Forex Rates

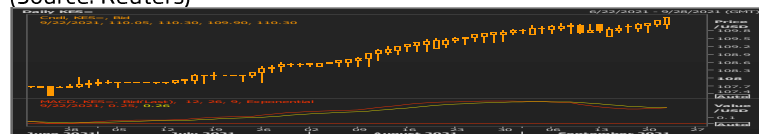
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.90	113.90	107.40	113.40
GBP/KES	147.42	155.42	147.90	154.90
EUR/KES	124.20	129.60	126.20	132.20
AED/KES	28.06	32.06	28.06	32.06

Money Market Rates	Current	Previous	Change
Interbank Rate	6.579%	6.268%	0.311
91-Day T-bill	6.896%	6.870%	0.026
182-Day T-Bill	7.282%	7.250%	0.032
364-Day T-Bill	7.890%	7.845%	0.045
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	0.15538	-0.53757	0.14538
12 months	0.22963	-0.49386	0.33913

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was up on Monday to 93.448, with rising U.S. bond yields attracting Japanese investors. The benchmark 10-year U.S. yield briefly topped 1.5%, a level not seen since June 2021, during the previous session. The two-year yield also rose to its highest since March 2020. Meanwhile, Fed Chairman Jerome Powell will be joined by U.S. Treasury Secretary Janet Yellen to testify at a Senate Banking Committee hearing later in the day, with the House Financial Services Committee hearing following two days later. The Fed would move against unchecked inflation if needed, Powell said in prepared remarks.

The GBP/USD pair consolidated gains around \$1.3710 on Monday, led by the Bank of England Governor Andrew Bailey's speech to the Society of Professional Economists, where he warned that interest rate hike could come sooner than expected despite existing quantitative easing. Nevertheless, all the gains evaporated on the lingering Brexit concerns. In the latest development French European Affairs Minister said that the current energy crisis in Britain reflected the "intellectual fraud" that was Brexit.

The euro licked its wounds at \$1.1690 levels on Monday. Chairwoman Lagarde said that the central bank will keep a close eye on both wages and supply narrowing, while he talked down the impact of the current high inflation on the long-run inflation expectations. The pair, in the meantime, will be vigilant on the upcoming ECB forum where board members are due to speak.

Elsewhere, global oil prices rose on Tuesday, reversing earlier losses and extending their rally into a sixth session, amid continued concerns over tight supply at a time when demand is picking up with the easing of COVID-19 pandemic restrictions.

#### Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	USD	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	1.1630	1.1895
GBP/USD	1.3540	1.4170
USD/AED	3.6605	3.6870
USD/JPY	108.40	111.70

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.