



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH SEPTEMBER 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 the day, the local unit stood at 110.40/110.60, as compared to the previous day's close of 110.35/110.55.

In the meantime, The Central Bank of Kenya has retained the base lending rate at seven per cent. In a statement after its Monetary Policy Committee meeting on Tuesday, CBK governor Patrick Njoroge noted inflationary pressures were rising domestically and internationally. He said overall inflation stood at 6.6 per cent in August 2021 compared to 6.5 per cent in July, largely due to increase in fuel and food prices. During the same duration, food inflation increased to 10. per cent from 9.1 per cent while fuel inflation remained elevated at 9.2 percent due to the impact of the rise in international oil prices. In addition, despite an increase in fuel and food prices, indicators for the economy point to a strong GDP recovery in 2021. The Committee concluded that the current accommodative monetary policy stance remains appropriate, and therefore decided to retain the Central Bank Rate at seven per cent.

Indicative Forex Rates

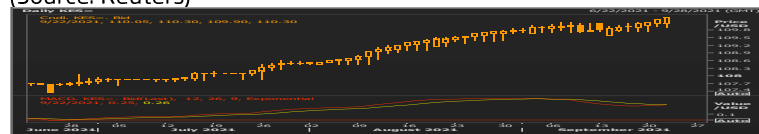
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.00	114.00	108.50	113.50
GBP/KES	145.35	153.35	145.90	152.90
EUR/KES	124.30	125.30	125.95	131.95
AED/KES	28.58	31.58	28.58	31.58

Money Market Rates	Current	Previous	Change
Interbank Rate	6.814%	6.579%	0.235
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	0.15500	-0.53557	0.15125
12 months	0.23600	-0.49243	0.33813

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index traded near its strongest levels of the year on Tuesday at 93.805. U.S. Treasury yields have surged lately - with benchmark 10-year rates up 25 basis points in five sessions to 1.5548% - as Fed tapering looms before the year's end and as inflation starts to look stickier than first thought. Meanwhile, U.S. Federal Reserve Chairman Jerome Powell and U.S. Treasury Secretary Janet Yellen both warned that a default due to a failure to raise the debt ceiling would be catastrophic in their testimonies before a Senate Banking Committee hearing on Tuesday.

The GBP/USD pair slumped to \$1.3600 on Tuesday. Sterling copped a particular beating overnight as concern over the economic impact of a shortage of gas and a scramble for fuel pulled it 1.2% lower on the stronger dollar, its largest daily fall in more than a year. As for now, traders keep their focus on the release of the UK's Bank of England Consumer Credit, and the US and the UK central banks' officers' speeches to gauge the market sentiment.

The euro fell to a one-month low at \$1.1687 on Tuesday over the indecision over the European Central Bank's (ECB) next moves. On the economic calendar, monthly releases of the Eurozone Consumer Confidence, Industrial Confidence and Business Climate for September will keep the traders busy.

Elsewhere, global oil prices were down Wednesday to \$77.20 per barrel as investors digested a surprise build in U.S. crude oil supplies. Investors now await crude oil supply data from the U.S. Energy Information Administration (EIA), due later in the day. If EIA data confirms the build, it would be the first increase in U.S. inventories in eight weeks.

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	1.1640	1.1880
GBP/USD	1.3520	1.4160
USD/AED	3.6605	3.6870
USD/JPY	108.30	111.50

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.