



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 2ND DECEMBER 2021

DOMESTIC NEWS

The Kenyan shilling was stable on Wednesday, trading at an all-time low hit at the start of the week due to strong demand for dollars and weak inflows.

The sentiments from the analysts still point towards a weakening shilling in the oncoming days.

The pair USD/KES closed at 112.45/112.65 yesterday.

Money markets analysts have noted the just like other currencies the Shilling is feeling the heat of global inflation, with strong economies like the US and UK experiencing the worst cost of living in almost two decades.

In other news Central bank of Kenya revised its this year's economic growth projections to 6.4% from its previous projections of 6.1%. The agency explained that their new projections were supported by a strong growth in the first half and the continued opening of the economy from the Covid-19 restrictions.

In the 10 months to October 2021, Diaspora remittances (Amounts sent by Kenyans living abroad) grew to an average of Sh34.3 billion (\$304.7 million) per month, a 20.4 percent jump compared to the Sh28.5 billion remitted in the corresponding period last year. According to the central bank of Kenya the cost of remittances to Kenya is costing about 7% slightly below the average of 8% for the sub-Saharan Africa. Those using the bank to remit the cash are using more compared to those utilizing digital channels.

Indicative Forex Rates

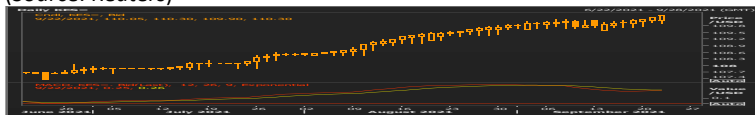
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	109.10	116.10	110.60	115.60
GBP/KES	145.62	153.62	145.32	154.02
EUR/KES	123.04	130.94	123.84	131.34
AED/KES	29.16	32.16	28.66	32.66

Money Market Rates	Current	Previous	Change
Interbank Rate	5.230%	4.904%	0.326
91-Day T-bill	7.181%	7.114%	0.067
182-Day T-Bill	7.835%	7.747%	0.088
364-Day T-Bill	8.944%	8.840%	0.104
Inflation	5.800%	6.450%	-0.650
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.24600	-0.55557	0.24325
12 months	0.41038	-0.50500	0.38238

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

Fed Chair Jerome Powell in a brief yesterday said the central bank will discuss accelerating its wind down of bond purchases, known as tapering, at its December meeting. He also Pointed to a stop to refer to inflation as "transitory".

The market was surprised by a more hawkish Fed chair given the fears about new Covid variant omicron, but experts say a potential Fed policy shift makes sense for reasons including the changing composition of Fed officials in key roles, inflation fears, and lack of data on the omicron threat to date.

The British pound rose on Wednesday but held near a 2021 low versus the U.S. dollar as doubts grew on whether the Bank of England will raise interest rates at a policy meeting this month.

In the emerging market world, the safe-haven yen hovered near a seven-week high on Thursday while the rand and riskier currencies languished as the omicron coronavirus variant established itself as the dominant strain in South Africa and continued to spread globally. Early indications suggesting omicron may be markedly more contagious than previous variants have rattled financial markets on worries that a return to travel bans and lockdowns could choke off the nascent global recovery.

On commodities Crude oil futures settled lower on Wednesday, as an early rally fizzled and selling intensified on worries the Omicron variant of coronavirus could cut oil demand as global supply builds. At the same time, Gold prices eased on Thursday as investors gauged the U.S. Federal Reserve's response to inflationary risks and economic recovery concerns amid the new Omicron coronavirus variant.

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	1.1122	1.1465
GBP/USD	1.3135	1.3649
USD/AED	3.6652	3.6895
USD/JPY	108.32	116.78

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.