



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH SEPTEMBER 2021

DOMESTIC NEWS

The Kenyan shilling was relatively stable in midweek trading day. The local unit was supported by inflows from offshore investors buying government debt amid subsiding dollar demand from the energy and manufacturing sector. The session saw little activity across the counters that just about evened out during the day with foreign currency demand matching supply to close at the same level as the previous day. By close of the day, the local unit stood at 110.40/110.60, the same as the previous day's close.

In the meantime, the usable foreign exchange reserves remained adequate at USD 9,521 million (5.82 months of import cover) as at September 23. 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. Meanwhile, Provisional data on balance of payments shows that the current account deficit was 5.5 percent of GDP in the 12 months to July 2021 compared to 5.0 percent of GDP in the 12 months to July 2020. The wider deficit was due to lower service receipts as well as improvement in imports, which more than offset increased receipts from agricultural exports and remittances.

Indicative Forex Rates

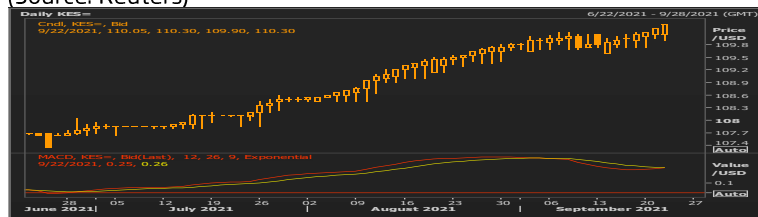
| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 107.00 | 114.00 | 108.50 | 113.50 |
| GBP/KES | 144.60 | 152.60 | 145.15 | 152.15 |
| EUR/KES | 120.20 | 128.40 | 125.25 | 131.25 |
| AED/KES | 28.58 | 31.58 | 28.58 | 31.58 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 6.920% | 6.814% | 0.106 |
| 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 | 0.15788 | -0.53329 | 0.15675 |
| 12 months | 0.23850 | -0.49243 | 0.34963 |

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index dollar hovered near a one-year high versus major peers on Wednesday at 94.435, following a two-day surge amid expectations for a tapering of Federal Reserve stimulus from November and a possible interest rate hike in late 2022. The safe-haven dollar saw a bid over concerns that the Fed could start tapering in a period of slowing global economic growth and persistently high inflation. It also got a boost as an impasse over the U.S. debt ceiling that threatens to shut the government down continues. U.S. Senate Republicans blocked efforts by the Democrats to avert a potentially crippling U.S. credit default as federal funding expires on Thursday and borrowing authority on around Oct. 18.

The GBP/USD pair was up to \$1.3455 on Wednesday. However, concerns remain about soaring natural gas prices alongside petrol shortages in the U.K. that have lasted almost a week. It is worth noting that, France warned the UK of blocking the Channel Tunnel in the Brexit license dispute. Also challenging are the food crisis conditions and likely hardships as the UK aid package is about to end, as well as the labor shortage mounts.

The euro was tracking minor gains on Wednesday at \$1.1604. However, the shared currency remained depressed amid divergence between ECB and US stance on tapering. ECB President Christine Lagarde avoids tighter monetary policy by saying not to overreact to transitory supply shocks.

Elsewhere, global oil prices fell on Thursday to \$77.95 per barrel, extending losses after official figures showed an unexpected rise in inventories in the United States although prices seem to have stabilized following a recent run of gains.

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 | 1.1630 | 1.1890 |
| GBP/USD | 1.3520 | 1.4160 |
| USD/AED | 3.6605 | 3.6870 |
| USD/JPY | 108.40 | 111.80 |

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.