



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 3RD DECEMBER 2021

DOMESTIC NEWS

The Kenyan shilling edged down to a new record low on Thursday, following the robust dollar demand across all sectors that is outstripping the lackluster inflows. Against the greenback, the local unit is at all-time low. Analysts see no reprieve soon.

Yesterday commercial banks quoted the shilling at 112.55/75 per dollar up from a rate of 112.45/65 in the previous session.

Consumers of imported goods like cars, electronics and second-hand clothes continue to experience higher prices. The shilling has been on shaky ground mainly due to demand for dollar for imports, higher oil prices and repayment of dollar-denominated loans against slower recovery of exports and tourism receipts.

In other news Kenya's current account deficit widened to 5.4 percent of GDP in the year to October from 4.8 percent a year earlier on the back of a bigger oil and industrial goods import bill.

The year-on-year expansion of the deficit is also attributed to the base effect where last year oil prices had fallen to multi-year lows due to low demand on Covid travel restrictions, while local factory activity had also been curtailed by the Covid prevention restrictions.

Indicative Forex Rates

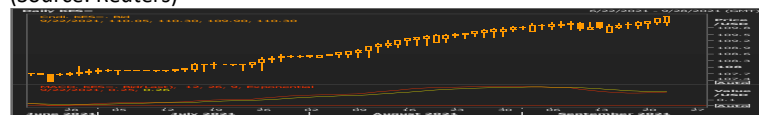
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	109.15	116.15	110.65	115.65
GBP/KES	145.78	153.78	145.48	154.18
EUR/KES	122.88	130.78	123.68	131.18
AED/KES	29.17	32.17	28.67	32.67

Money Market Rates	Current	Previous	Change
Interbank Rate	5.230%	5.230%	0.000
91-Day T-bill	7.232%	7.181%	0.051
182-Day T-Bill	7.854%	7.835%	0.019
364-Day T-Bill	9.016%	8.944%	0.072
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	0.26950	-0.55586	0.29513
12 months	0.45825	-0.49971	0.66688

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The dollar edged higher on Thursday in choppy trading as risk appetite improved with higher U.S. stocks, although investors remained worried about the fast-spreading Omicron coronavirus variant and the speed at which the U.S. Federal Reserve will taper its asset purchases.

The U.S. currency's moves were limited though, as investors looked ahead to Friday's non-farm payrolls report for November.

Wall Street economists have estimated the U.S. economy created 550,000 new jobs last month, according to a Reuters poll.

Sterling firmed on Thursday as the discovery of the first case of the Omicron variant in the United States weighed on the dollar overnight, but trading was choppy amid uncertainty about whether the Bank of England would hike interest rates this month.

Currency markets broadly lacked direction with the greenback receding further from its July 2020 highs. Trade was volatile as daily COVID-19 infections doubled in South Africa, where Omicron has quickly established itself as the dominant strain.

On the commodities space Gold prices rose on Friday but a more hawkish stance of U.S. Federal Reserve officials on stimulus tapering and interest rate rises put the metal on course for a third straight weekly drop.

Oil prices climbed on Friday, extending gains after OPEC+ said it would review supply additions ahead of its next scheduled meeting if the Omicron variant dents demand, but prices were still on course for a sixth week of declines.

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.