



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

## TREASURY MARKET UPDATE 5<sup>TH</sup> OCTOBER 2021

### DOMESTIC NEWS

The shilling waffled to the weaker side on Monday 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 110.50/110.70, as compared to the previous week's close of 110.45/110.65.

In the meantime, the usable foreign exchange reserves remained adequate at USD 9,437 million (5.77 months of import cover) as at September 30. 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, Kenya stands to save Sh202.3 billion from its subscription to the Debt Service Suspension Initiative, a new analysis shows. The World Bank and IMF analysis says the amount, which is approximately 1.8 per cent of Kenya's GDP, would be saved between May 2020 and December 2021. The two organizations are supporting the implementation of the DSSI, by monitoring spending, enhancing public debt transparency, and ensuring prudent borrowing.

### Indicative Forex Rates

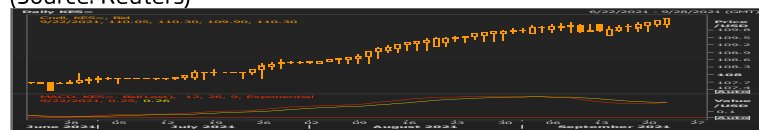
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.10	114.10	108.60	113.60
GBP/KES	146.30	154.30	146.00	154.70
EUR/KES	123.85	131.75	124.70	132.70
AED/KES	28.61	31.61	28.11	32.11

Money Market Rates	Current	Previous	Change
Interbank Rate	6.693%	6.631%	0.062
91-Day T-bill	6.896%	6.896%	0.000
182-Day T-Bill	7.282%	7.282%	0.059
364-Day T-Bill	7.949%	7.890%	0.045
Inflation	6.910%	6.570%	0.340
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
6 Months	0.15700	-0.53686	0.16450
12 months	0.23488	-0.48986	0.36963

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index edged towards a one-year high versus major peers on Monday at 93.987 ahead of a key payrolls report at the end of the week that could boost the case for the Federal Reserve to start tapering stimulus as soon as next month. The dollar has also benefited from haven demand amid worries spanning the risk of global stagflation to the U.S. debt ceiling standoff. Separately, current U.S. President Joe Biden warned that the government could breach its \$28.4 trillion debt limit to enter a historic default unless Republicans add their vote to raise it within the two next weeks.

The GBP/USD pair remained on the backfoot at \$1.3590 on Monday. In doing so, the cable pair registers losses over Brexit woes and fears emanating from China and the US. UK Brexit Minister recently reiterated his warning to the European Union, over repealing the Northern Ireland protocol, considering the harsh rules for goods travel between the UK and the NI border.

The euro slumped to \$1.1590 on Monday, owing to indecision over the passage of the US infrastructure spending bill and the debt limit extension amid Republicans' strong rejection of President Joe Biden's "all or none" approach. It's worth noting that US President Biden's recent readiness to alter the cap of the stimulus is yet to woo the opposition and hence today's North American session will be interesting for political watchers.

Elsewhere, global oil prices climbed on Tuesday to \$81.66 per barrel, hitting their highest levels in at least three years, extending gains triggered during the previous session after the world's major oil producers announced they had decided to keep a cap on crude supplies.

### 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	1.1440	1.1880
GBP/USD	1.3410	1.4170
USD/AED	3.6605	3.6870
USD/JPY	108.20	112.80

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.