



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 6TH DECEMBER 2021

DOMESTIC NEWS

The Kenyan shilling on Friday traded at a record low as the strong dollar demand from importers and manufacturers continued to outstrip the inflows.

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

The Treasury has said that it prepared for the increase in external debt payments as a result of a depreciation of the shilling against the dollar.

The cost of servicing the country's debt has risen this year after the shilling fell to its historic lows against the greenback.

As at the end of June the Public debt stood at Sh7.7 billion with domestic debt accounting for 48 percent and external debt 52 percent. The government expects to spend a record Sh1.17 trillion in the current fiscal year on loan servicing and repayments and Sh1.36 trillion in 2022/2023.

In other news Kenya's private sector hiring increased in November, growing fastest in two years, pointing to increased workload after lifting the 18-month night-time curfew imposed to contain the spread of Covid-19. A monthly survey, based on feedback from about 400 corporate managers, suggested that companies in agriculture, wholesale and retail, services and mining sectors reported "solid expansion" in the workforce last month.

Indicative Forex Rates

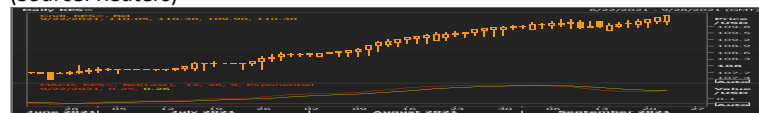
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	109.20	116.20	110.70	115.70
GBP/KES	145.15	153.15	144.85	153.55
EUR/KES	122.83	130.73	123.63	131.13
AED/KES	29.18	32.18	28.68	32.68

Money Market Rates	Current	Previous	Change
Interbank Rate	5.510%	5.230%	0.028
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	0.27113	-0.55357	0.28450
12 months	0.46150	-0.49929	0.65338

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The US Dollar finished higher for the sixth consecutive week after November's non-farm payrolls report crossed the wires Friday. However, US Dollar bulls appear to be easing off the gas despite increasingly strong Federal Reserve rate hike bets. Meanwhile, stock market volatility increased last week due to the Omicron variant threat. That likely helped prop up the US Dollar given its safe-haven appeal.

China's yuan firmed on Monday, as Chinese exporters sold dollars with the approach of the year end, and investors expected the economy to strengthen took heart from expectations for monetary loosening that should boost the economy.

The Japanese Yen – another safe-haven currency – gained half a percent last week. EUR/USD was nearly unchanged. That movement is revealing yet unsurprising given the risk-off market response to the Omicron variant. This sets up a potential roadmap for DXY's direction in the coming weeks. If scientists assess that Omicron doesn't pose a more grave threat than the Delta variant, markets may go back into a risk-on stance.

In the commodities space Gold prices were flat on Monday, as the metal was caught between subdued U.S. bond yields and the prospect of the Federal Reserve tightening policy at a faster pace which dimmed its appeal.

U.S. and European stocks futures moved higher on Monday as Asian markets lagged, while bonds surrendered some of their recent gains and oil rallied as Saudi Arabia lifted its crude prices.

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	1.1123	1.1469
GBP/USD	1.3135	1.3651
USD/AED	3.6655	3.6899
USD/JPY	108.35	116.79

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.