



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 6TH OCTOBER 2021

DOMESTIC NEWS

Heightened volatility persisted in the local markets with the home unit posting new lows against the US currency in Tuesday's trading session. From the onset, dollar demand from various sectors of the economy took center stage leaving the home unit exposed as at close of the session. Looking ahead, we expect the local currency to remain trapped within the current range, with direction of the USDKES pair remaining mostly flow driven in the near term. By close of the day, the local unit stood at 110.60/110.80, as compared to the previous day's close of 110.50/110.70.

In the meantime, Private sector activity in Kenya grew at a marginal pace in September as rising living costs reduced consumer spending and new orders. Data from Stanbic Bank shows the Purchasing Managers' Index (PMI) for September fell to a five-month low of 50.4 points from 51.1 in August. Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration. According to the report, the hike in energy prices particularly hit demand and also sharply drove the cost of input and output charge inflation. Even so, there were numerous reports that a rise in living costs had weakened consumer spending, leading to a softer - and only marginal - rate of total sales growth. The outlook for future activity remained relatively weak in September, despite improving slightly from August.

Indicative Forex Rates

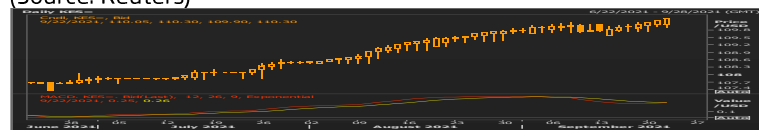
| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 107.15 | 114.15 | 108.65 | 113.65 |
| GBP/KES | 146.50 | 154.50 | 146.30 | 154.90 |
| EUR/KES | 123.80 | 128.40 | 124.60 | 132.10 |
| AED/KES | 28.62 | 31.62 | 28.12 | 32.12 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 6.533% | 6.693% | 0.160 |
| 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 | 0.15550 | -0.53786 | 0.16600 |
| 12 months | 0.23200 | -0.48900 | 0.37238 |

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index inched higher to 94.047 on Tuesday. Investors have turned to the safe-haven dollar recently as the U.S. Federal Reserve to begin asset tapering within 2021 and hike interest rates in 2022. The U.S. jobs report, including non-farm payrolls, is due to be released on Friday and is seen as crucial to the Fed's timeline for asset tapering. Separately, democrats planned a Wednesday vote in the Senate to suspend the U.S. debt ceiling, setting up yet another confrontation with Republicans that risks an economically crippling federal credit default.

The GBP/USD pair remained subdued at \$1.3611 on Tuesday. UK Prime Minister Boris Johnson said that the UK fuel crisis is now "abating", even as it could take weeks for fuel supply to normalize. Furthermore, the UK hit back at France over its threat to Britain's electricity supplies complying with its dispute overfishing, escalating post-Brexit tensions between the two countries.

The euro slid to \$1.1596 on Tuesday. Christine Lagarde, President of the European Central Bank said that they would pay close attention to wage developments and inflation expectations to ensure that inflation expectations are anchored at 2%.

Elsewhere, global oil prices climbed for a fourth day on Wednesday to \$79.05 per barrel over the supply anxiety, particularly after the Organization of the Petroleum Exporting Countries (OPEC) and its allies, known as OPEC+, decided on Monday to say with their planned output increase rather than boosting it further. Investors now await crude oil supply data from the U.S. Energy Information Administration.

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 | 1.1450 | 1.1870 |
| GBP/USD | 1.3420 | 1.4180 |
| USD/AED | 3.6605 | 3.6870 |
| USD/JPY | 108.40 | 112.60 |

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.