



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 6TH SEPTEMBER 2021

DOMESTIC NEWS

The Kenya Shilling continued its losing streak in Friday's trading session, as it extended its losses against the U.S. dollar. Foreign currency demand superseded weak supply from the corporate sector for the major part of the day overwhelming erratic foreign currency inflows to leave the home unit weaker at the closing bell. Further depreciation of the local unit is in the offing at least in the short term if recent dollar demand in the wake of diminished inflows is anything to go by. By close of trade, the local unit stood at 109.95/110.15, as compared to Thursday's close of 109.80/110.00.

In the meantime, the annual inflation rate in Kenya rose to 6.57 percent in August of 2021 from an upwardly revised 6.55 percent in July, the highest rate since February 2020 but still within the central bank's target of 2.5 percent to 7.5 percent. Main upward pressure came from higher prices of food. On a different page, the usable foreign exchange reserves remained adequate at USD 8,883 million (5.43 months of import cover) as at September 2. 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.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.45	113.45	106.95	112.95
GBP/KES	148.20	156.20	148.75	155.75
EUR/KES	127.00	134.00	127.55	133.55
AED/KES	27.93	31.93	27.93	31.93

Money Market Rates	Current	Previous	Change
Interbank Rate	3.334%	3.279%	-0.055
91-Day T-bill	6.774%	6.741%	0.033
182-Day T-Bill	7.226%	7.195%	0.031
364-Day T-Bill	7.517%	7.492%	0.025
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	0.14838	-0.53900	0.09875
12 months	0.22275	-0.49929	0.21713

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index languished near a one-month low versus major peers on Friday at 91.941, as investors pushed back expectations for when the Federal Reserve will begin tapering its massive stimulus. The Fed has made a labour market recovery a condition for paring back its pandemic-era asset purchases. Data released on Friday shows that U.S. nonfarm payrolls increased by just 235,000 in August, compared with a 728,000 median forecast by economists in a Reuters poll, as a resurgence in COVID-19 infections weighed on demand at restaurants and hotels, and stalling hiring.

The GBP/USD pair struggled around the \$1.3850 levels on Friday as a tax rise in the form of a hike in national insurance is what Prime Minister Boris Johnson is seeking, despite a push back from the cabinet. The cabinet is split over how to pay for the government's long-awaited social care reforms. Sajid Javid has pushed for a two per cent increase, saying the £10 billion raised from a mooted one per cent rise is not enough.

The euro was flat at \$1.18775 on Friday. The single currency has been supported by expectations the European Central Bank, which meets Thursday, is close to tapering its own stimulus programme.

Elsewhere, global oil prices extended losses on Monday to \$68.45 per barrel after the world's top exporter Saudi Arabia slashed crude prices for Asia over the weekend, signaling demand concerns and that global markets are well supplied. The deep price cuts come as lockdowns across Asia to combat the highly infectious delta variant of the coronavirus have capped fuel demand in the region.

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	GBP/USD	USD/AED	USD/JPY
	1.1710	1.3725	3.6605	108.50
				111.95

For more details, contact our Treasury staff Jackline, Loryne, Evelyn and Benson 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.