



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 7TH DECEMBER 2021

DOMESTIC NEWS

There was a little change on the value of the Kenyan shilling against the dollar on Monday with the trader's sentiments still pointing to a weakening of the local unit. Data on the demand for dollar from the general importers and oil companies highly supports the expectations from the traders and pundits.

At 0751 GMT, commercial banks were quoting the shilling at 112.65/85 to the dollar, compared with Friday's close of 112.60/80.

As a result, there has been a surge in the dollar deposits in local banks to a 7-month high of Kes.773.5B. The last time the dollar deposits rose this high was in March when they had hit an all-time high of Sh779.7 billion as businesses and individuals hedged against economic uncertainty during the Covid pandemic by turning to hard currencies.

In other news on the commodities Horticulture earnings grew by 6.4 percent to Sh8.7 billion in the 11 months to November compared to the corresponding period last year, attributed to higher demand for Kenyan produce in the world market.

Indicative Forex Rates

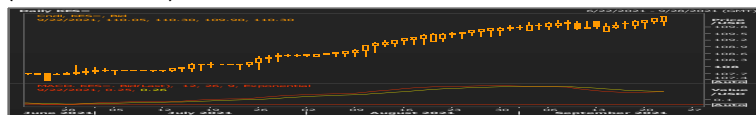
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	109.20	116.20	110.70	115.70
GBP/KES	145.66	153.66	144.36	154.06
EUR/KES	122.83	130.73	123.63	131.13
AED/KES	29.18	32.18	28.68	32.68

Money Market Rates	Current	Previous	Change
Interbank Rate	5.300%	5.510%	-0.021
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

Dollar edges higher against majority its peers on Monday as concerns over the new Covid variant Omicron eased and due to a rebound in U.S. Treasury yields.

Versus the Japanese yen, dollar traded with a firm undertone and gained to 113.07 at Asian open before briefly retreating to 112.86. The pair then rose to 113.37 in European morning due partly to cross-selling in JPY and then ratcheted higher to an intra-day high of 113.55 in tandem with US yields in New York afternoon.

Sterling rose on Monday after Bank of England Deputy Governor Ben Broadbent warned Britain's tight labour market will add pressure on inflation, reigniting some hopes for an interest rate hike.

Versus the euro the pound was 0.3% higher at 85.21 pence, after touching a three-week low of 85.52 pence on Sunday at 2111 GMT. Sterling strengthened after the BoE's Broadbent said Britain's tight labor market was likely to be a more persistent source of inflation. He said inflation might "comfortably exceed" 5% in April next year and that transitory inflation should be understood as referring to the next 18-24 months.

In the commodities space, Oil prices edged up on Tuesday after a near 5% rebound the day before as concerns about the impact of the Omicron variant on global fuel demand eased while Iran nuclear talks hit roadblocks, delaying the return of Iranian crude supplies.

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.