



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 7TH OCTOBER 2021

DOMESTIC NEWS

The home unit closed the day marginally weaker against the U.S dollar as foreign currency demand outmuscled supply. Sturdy foreign currency inflows from various sectors of the economy were picked through quickly by the persistent demand, propelling the USD/KES currency pair to move five-cents higher from the previous day's close. We expect the current trading levels to prevail, as players continue to watch out for any change in fundamentals that might provide the local currency with some impulse, given its recent slide. By close of day, the local unit at 110.65/110.85 as compared to Tuesday's close of 110.60/110.80.

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

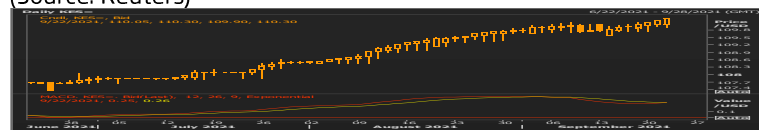
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.20	114.20	108.70	113.70
GBP/KES	146.40	154.40	146.05	154.80
EUR/KES	123.50	128.20	124.35	131.85
AED/KES	28.64	31.64	28.14	32.14

Money Market Rates	Current	Previous	Change
Interbank Rate	6.383%	6.533%	0.150
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 was little changed on Wednesday at 94.188. Investors remained on edge regarding U.S. debt ceiling negotiations, even as the top U.S. Senate Republican Mitch McConnell said his party would allow an extension of the federal debt ceiling into December, a move that would head off a historic default with a heavy economic toll. Subsequently, The Federal Reserve, which has till now mainly contended that inflationary pressures will prove transitory, has said it is likely to begin reducing its monthly bond purchases as soon as November, before following up with interest rate increases.

The GBP/USD pair continued to grind lower at \$1.3580, despite the assurance from UK Prime Minister Boris Johnson. He shrugged off Britain's problem of empty gas stations, worker shortage and supply-side constraints while speaking at the party's annual conference on Wednesday. As for now, traders keep their focus on the UK Halifax House Price Index and US Initial Jobless Claims to gauge the market sentiment.

The euro plunged to \$1.1555 on Wednesday as natural gas climbed to a record peak in Europe and coal prices from major exporters also hit all-time highs. Looking forward, German Industrial Production and comments from the European Central Bank (ECB) policymakers will precede the ECB Monetary Policy Meeting.

Elsewhere, global oil prices dropped on Thursday to \$77.10 per barrel, under pressure from an unexpected rise in U.S. crude stocks that raised concerns over demand after prices rallied to multi-year highs. OPEC+'s decision raise to oil output modestly and gradually, despite this year's surge in prices, was partly driven by concern that demand and prices could weaken.

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	1.1420	1.1860
GBP/USD	1.3410	1.4190
USD/AED	3.6605	3.6870
USD/JPY	108.50	112.90

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.