



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 7TH SEPTEMBER 2021

DOMESTIC NEWS

The shilling waffled to the weaker side at the start of the week as demand for the greenback dominated the trading session. The local currency struggled throughout the session to find its footing on the back of mounting demand, amid waning foreign currency inflows. We expect that the home unit will trade on the back foot as demand for the buck continues to outweigh foreign currency supply, unless inflows trickle through in numbers. In the new day, we see the home unit trading within these ranges, albeit with a bearish shade as foreign currency demand from the various sectors continues to manifest. By close of day, the local unit stood at 110.00/110.20 as compared to Friday's close of 109.95/110.15.

In the meantime, Kenya's Current Account deficit increased to 5.4% of the GDP in the 12 months to July 2021 compared to 4.9% of the GDP in the 12 months to July 2020 according to data from the Central Bank of Kenya. A current account deficit occurs when a country spends more money on imports than it receives from its exports. The Increased current account deficit shows the negative impact of the covid crisis on Kenya's economy. The Central Bank said, "The higher deficit was attributed to lower service receipts as well as high imports, which more than offset increased receipts from agricultural exports and remittances." Kenya posted a \$5.5 billion current account deficit in June this year compared with a \$5.1 billion deficit posted in June 2020.

Indicative Forex Rates

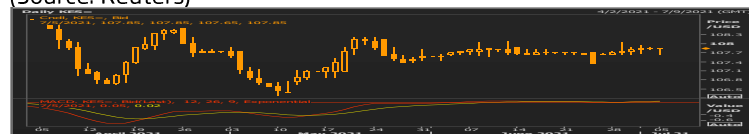
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.55	113.55	107.05	113.05
GBP/KES	148.30	156.30	148.80	155.80
EUR/KES	127.15	134.15	127.65	133.65
AED/KES	27.96	31.96	27.96	31.96

Money Market Rates	Current	Previous	Change
Interbank Rate	3.399%	3.334%	0.065
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 erased all losses sustained after last week's poor U.S. jobs report and extended broad gains on Monday at 92.250 as concerns about slowing global growth boosted its safe-haven appeal in holiday-calmed trade. While the weak jobs report doused expectations, the U.S. Federal Reserve might strike a hawkish note at a meeting later this month, analysts said the data is yet another reminder of global growth losing steam after a bounce earlier this year.

The GBP/USD pair edged up to \$1.3851 on Monday. Brexit woes continue to weigh on the sterling as the UK prepares to extend Northern Ireland's grace periods. It plans to extend post-Brexit grace periods on some goods import to Northern Ireland. The move is expected to buy more time and help resolve the Northern Ireland issue between the UK and the EU. Ireland remains a key player in post-Brexit trade talks, and it expects Britain to lead towards a permanent solution.

The euro failed to extend its gains on Monday after rising above the \$1.19 level for the first time since the end of July. It was trading 0.1% weaker at \$1.1866 before a European Central Bank policy decision due on Thursday.

Elsewhere, global oil prices were mixed on Tuesday in quiet trade at \$72.53 per barrel as some investors scooped up bargains following the recent losses while growing fears over slower demand after Saudi Arabia's sharp cuts to crude contract prices for Asia weighed on sentiment. Saudi Aramco cut October official selling prices for all crude grades sold to Asia by at least \$1 a barrel earlier in the week. The state oil group's cuts signaled that demand in the region remains weak over coronavirus outbreaks.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	USD	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	1.1730	1.1970
GBP/USD	1.3740	1.4160
USD/AED	3.6605	3.6870
USD/JPY	108.60	111.85

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.