



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH OCTOBER 2021

DOMESTIC NEWS

Thursday's trading in the local FX market saw the home unit continue its retreat against the U.S dollar to close the day weaker. Surging demand for the buck by corporates steadily overcame the supply-side and left the domestic currency struggling to hold its previous day's close. In the new day, we expect the USDKES currency pair to stay marooned within the contemporary boundary in the absence of any market moving headlines. By close of day, the local unit stood at 110.65/110.85 as compared to Thursday's close of 110.60/110.80.

In the meantime, The World Bank has revised upwards Kenya's economic growth for the current financial year to five per cent from 4.5 per cent projected in June. The positive outlook is attributed to improvements in the construction, education, information and communication, and real estate sectors. According to the Economic Survey 2021, the growth in global trade is expected to boost external demand for Kenya's products and thereby augment the country's economic growth. World Bank expects the country's inflation to remain contained near the central bank objective of 7.5 per cent, and monetary policy continues to support growth. Government debt is projected to rise from 65.8 per cent of GDP in 2020 to 69.2 percent in 2021.

Indicative Forex Rates

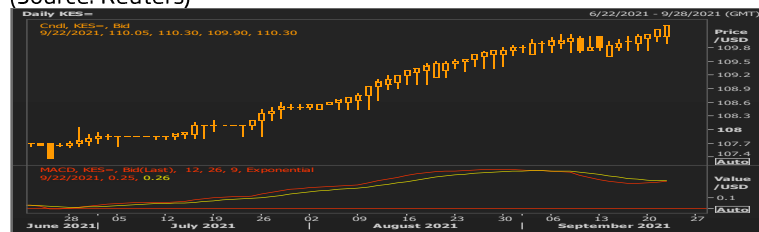
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	107.25	114.25	108.75	113.75
GBP/KES	146.65	154.65	146.35	155.05
EUR/KES	123.50	130.10	124.30	131.80
AED/KES	28.65	31.65	28.15	32.15

Money Market Rates	Current	Previous	Change
Interbank Rate	6.106%	6.383%	-0.279
91-Day T-bill	6.935%	6.895%	0.040
182-Day T-Bill	7.316%	7.282%	0.034
364-Day T-Bill	8.024%	7.949%	0.079
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	0.15613	-0.53443	0.18575
12 months	0.24113	-0.49229	0.43013

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was up on Thursday at 94.233 but remained below a one-year high as risk sentiment improved. Meanwhile, the U.S. Senate on Thursday approved legislation to temporarily raise the federal government's \$28.4 trillion debt limit and avoid the risk of default within the month. It will put off a longer-term solution until early December 2021. Investors also await the latest U.S. jobs report, which includes non-farm payrolls and is due later in the day. The data could impact the U.S. Federal Reserve's timetable for asset tapering, which it has said is likely to begin as soon as November 2021. The central bank could also hike interest rates in 2022.

The GBP/USD pair remained pressured at \$1.3600 on Thursday over Brexit tassel. Talking about Brexit, the UK-France tussles over the fishing rights take a new turn after the French MP said, that the French government should consider scrapping the Touquet Treaty which allows the UK to set up border checkpoints on French soil. Separately, Bank of England Chief Economist said that inflation pressures were proving stickier than initially thought. His comments reinforced expectations for an interest rate hike by February 2022, and perhaps even as soon as 2021.

The euro grappled to find clear direction at \$1.1550 on Thursday. It should be observed that the ECB Minutes Accounts and multiple policymakers from the bloc's central bank rejected reflation fears, as well as monetary policy tightening concerns.

Elsewhere, global oil prices rose on Friday to \$82.88 per barrel, on signs that some industries have begun switching fuel from high-priced gas to oil and on doubts the U.S. government would release oil from its strategic reserves for now.

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	1.1430	1.1870
GBP/USD	1.3420	1.4130
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.