



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH SEPTEMBER 2021

DOMESTIC NEWS

The local unit traded water on Tuesday, in another low-key trading session where demand and supply counters remained balanced. The session saw recent dollar demand from importers ease, allowing the USD/KES currency pair to remain unchanged by close of business. In the new day, further depreciation of the home unit seems plausible as the local market continues to witness steadily growing foreign currency demand. By close of day, the local unit stood at 110.00/110.20 the same as Monday's close.

In the meantime, The Kenya Purchasing Manager Index(PMI) edged up slightly to 51.1 in August 2021 from 50.6 in July, mainly driven by faster growth in new business and accelerated new order levels. A Purchasing Managers' Index™ (PMI) with readings above 50.0 shows an improvement while those below 50.0 indicating a decline. The latest reading pointed to growth in private sector activity for a fourth straight month, although it was slower than the series average. Increased client demand drove up output levels, but the output rose at the slowest rate in 4 months. On the price front, input cost inflation eased to a 6-month low. Consequently, output charges softened to the lowest level so far this year. Recovery of market activity after the COVID-19 lockdown led to an improved cash flow and customer demand.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	106.60	113.60	107.10	113.10
GBP/KES	147.70	155.70	148.20	155.20
EUR/KES	126.90	133.90	127.40	133.40
AED/KES	27.97	31.97	27.97	31.97

Money Market Rates	Current	Previous	Change
Interbank Rate	3.765%	3.399%	0.366
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	0.14875	-0.53886	0.09838
12 months	0.21950	-0.49800	0.21650

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was up on Tuesday at 92.543, remaining near a one-week high. The dollar index had tumbled to its lowest levels since early August at the end of last week, when a surprisingly soft U.S. payrolls report prompted speculation, the Federal Reserve will forgo announcing a taper of stimulus at a policy meeting this month. Investors now await the U.S. Federal Reserve's policy decision for September, where the central bank is widely expected to hold off announcing that it will begin asset tapering. Meanwhile, U.S. President Joe Biden is also due to outline a plan to tackle the rising number of COVID-19 cases.

The GBP/USD pair picked up pace around the \$1.3855 region on Tuesday. The sterling is facing upside pressure from the stronger greenback. Furthermore, the announcement of the new tax hike by the UK government weighed on the pound. Economists warned that the move could hamper the economic recovery and relative performance of the British pound in the foreign exchange market.

The euro dropped to \$1.1840 on Tuesday as market participants remain divided over the European Central Bank's (ECB) next move in the most highly anticipated meeting. The ECB is seen debating a cut in stimulus at its meeting on Thursday.

Elsewhere, global oil prices were little changed on Wednesday at \$68.46 per barrel, following overnight losses from a stronger dollar and demand concerns, with a slow production restart in the U.S. Gulf of Mexico providing some support. Producers in the U.S. Gulf of Mexico are still struggling to restart operations nine days after Hurricane Ida swept through the region with powerful winds and drenching rain.

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	1.1750
GBP/USD	1.3720	1.4160
USD/AED	3.6605	3.6870
USD/JPY	108.50	111.90

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.