



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH JUNE 2022

DOMESTIC NEWS

The shilling waffled to the weaker side on Thursday as demand for the greenback dominated the trading session over intense dollar demand from the energy sector. The trifling foreign currency inflows witnessed from various sectors of the economy, did little to save the local unit from losses. Ahead of the weekend, we expect the local unit to be marooned within the contemporary boundary in absence of any noteworthy impulse. By close of day, the local unit stood at 117.00/117.20 as compared to Wednesday's close of 116.95/117.15.

Meanwhile, Central Bank of Kenya (CBK) received bids amounting to KSh 76.4Billion from the 18-year Infrastructure Bond issued in May 2022, a performance rate of 101.83%, with the state fiscal agent accepting KSh 73.8 billion. This infrastructure bond was worth KSh 75 billion. Of the amounts accepted, KSh 63.3 billion was made up of competitive bids, while non-competitive bids were worth KSh 10.5 billion. The infrastructure bond, whose due date is 21st May 2040, will have a coupon rate of 13.742%, with KSh 35.3 billion used for loan redemptions while KSh 38.5 billion will be used for new borrowings/net loan repayments. The Government intends to use proceeds from this auction for funding infrastructure projects in the 2021/22 budget estimates.

Indicative Forex Rates

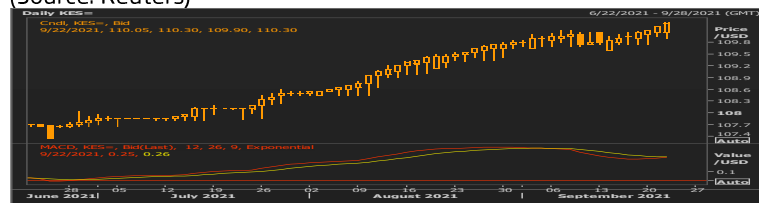
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	113.60	124.60	114.10	125.10
GBP/KES	142.36	155.36	143.36	157.36
EUR/KES	120.12	134.02	121.52	138.52
AED/KES	30.38	36.38	30.40	42.88

Money Market Rates	Current	Previous	Change
Interbank Rate	4.941%	4.895%	0.082
91-Day T-bill	7.866%	7.811%	0.055
182-Day T-Bill	9.037%	8.974%	0.063
364-Day T-Bill	9.952%	9.935%	0.017
Inflation	7.100%	6.500%	0.600
CBR RATE	7.500%	7.000%	0.500

Source: Central Bank of Kenya

Libor Rates	USD	EUR	GBP
3 Months	1.68771	-0.47000	1.47230
6 months	2.26643	-0.39200	1.95620

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was up on Friday morning to 103.127 in ahead of U.S. inflation data that should guide the Federal Reserve's policy tightening path, and after the European Central Bank said it would start its rate-hike campaign next month. This could give the Fed some wiggle room to raise rates less aggressively later in the year as it tries to rein in inflation without tipping the economy into recession. In the nearer term, markets expect the Fed next week to announce the second of its three consecutive 50-basis-point interest rate hikes, which has boosted the dollar in recent months.

The GBP/USD pair was challenged by Brexit headlines on Friday at \$1.2495 levels. It's worth observing that UK PM Johnson's readiness to unilaterally repeal the Brexit deal concerning the Northern Ireland Protocol (NIP) joins the bloc's warning to levy harsh sanctions on the UK and cut trade ties to keep GBP/USD buyers on their toes.

The euro dipped to \$1.0627 on Friday, its lowest since May 23. It lost 0.92% on the dollar overnight after a volatile ECB-driven session. The European Central Bank, on Thursday, said it would end quantitative easing on July 1, then raise interest rates by 25 basis points on July 21. The ECB flagged a bigger rate increase in September unless the inflation outlook improves in the interim period.

Elsewhere, global oil prices slipped on Friday to \$122.30 per barrel but remained within touching distance of three-month highs as fears over new COVID-19 lockdown measures in Shanghai outweighed solid demand for fuels in the United States, the world's top consumer.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES		USD	
2 Weeks	6.55%	0.35%		
1 Month	6.75%	0.55%		
3 Months	7.00%	0.80%		
6 Months	7.50%	1.25%		
1 year	8.00%	1.75%		

Indicative Cross Rates

	Bid		Offer	
	EUR/USD	1.0470	1.0890	
GBP/USD	1.2210	1.2550		
USD/AED	3.6645	3.6890		
USD/JPY	129.20	137.45		

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.