



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 11TH AUGUST 2022

DOMESTIC NEWS

The domestic unit had a poor run against its American counterpart on Wednesday, closing weaker from its previous close. Demand from different economy boroughs filled the market to pick up the elusive dollar. The trifling foreign currency inflows witnessed from various sectors of the economy, did little to save the local unit from losses. That said, the price action continues to be mainly flow driven with fundamentals taking a back seat in the interim. By close of day, the local unit stood at 119.25/119.45 as compared to Monday's close of 119.20/119.40.

Meanwhile, Kenya has listed 14 merchandise and service sectors for trade under the African Continental Free Trade (AfCFTA), as it becomes among the first six to pilot the continental pact. This comes even as countries continue to push to clear pending issues on preferential Rules of Origin on sensitive goods which account for 7% of the tariff lines. The stalemate is on textile and apparel, sugar and sugar products, goods produced in Special Economic Zones (SEZs), edible oils and motor vehicles. Nevertheless, member states have agreed on 88.7% tariff lines of about 6,000 products, open for trade on preferential terms. Despite the launch of the commencement of trade in January 2021, commercially meaningful trade was yet to commence.

Indicative Forex Rates

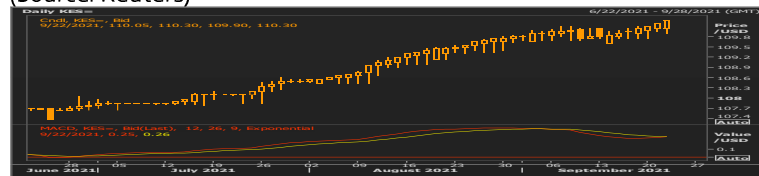
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	115.90	126.90	115.40	125.90
GBP/KES	141.49	160.09	140.69	155.49
EUR/KES	117.83	143.73	118.13	136.73
AED/KES	28.51	44.51	30.51	38.01

Money Market Rates	Current	Previous	Change
Interbank Rate	5.545%	5.588%	-0.043
91-Day T-bill	8.473%	8.399%	0.074
182-Day T-Bill	9.253%	9.196%	0.057
364-Day T-Bill	9.920%	9.946%	-0.026
Inflation	8.300%	7.900%	0.400
CBR RATE	7.500%	7.500%	0.000

Source: Central Bank of Kenya

TENOR	USD SOFR RATES	EUR STR RATES	GBP SONIA RATES
3 Months	2.73025	-0.51232	1.98430
6 months	3.10896	-0.54520	2.37950

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar advanced to 105.725 on Thursday morning as data showed that U.S. consumer prices were unchanged in July compared with June, when prices rose a monthly 1.3%. The July result was lower than expectations due to a sharp drop in the cost of petrol, causing markets to reposition on hopes that inflation was peaking. Fed policy makers were also warning in public remarks after the data that they would continue to tighten monetary policy until price pressures were fully broken. Separately, markets are currently pricing in a 57.5% chance of a 50-basis point interest rate rise at the Fed's next meeting.

The GBP/USD pair remains pressured around 1.2200 heading into Thursday's London open. However, the quote's latest weakness could be linked to the mixed comments from the Fed policymakers and the cautious mood ahead of the critical meeting between the UK ministers and energy companies.

The euro has declined gradually to near 1.2850 on Thursday. An unchanged German inflation data at 8.5% despite a meaningful plunge in the oil prices have created havoc for the European Central Bank (ECB). A road to bring inflation down is getting trickier for the ECB as hiking interest rates is not easy due to debt-burden countries in the Eurozone.

Elsewhere, global oil prices slipped on Thursday \$97.22 per barrel after gaining more than \$1 in the previous session, as concerns over supply disruptions eased and markets looked for evidence of improving fuel demand. It is worth noting that physical oil prices around the world have begun to sag alongside futures, reflecting easing concerns over Russian-led supply disruptions and heightened worries about a possible global economic slowdown.

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	0.9910	1.1270
GBP/USD	1.1650	1.2580
USD/AED	3.6645	3.6890
USD/JPY	129.50	139.80

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.