



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH MAY 2022

DOMESTIC NEWS

The shilling waffled to the weaker side on Wednesday as demand for the greenback dominated the market. The narrative of a higher dollar demand side persisted in the local FX market as players held on to paltry inflows, leaving the local currency somewhat weaker by close of business. In the new day, markets remain focused on flows to determine direction for the USD/KES pair, with players inclined to a narrative of a weaker shilling amid limited foreign currency inflows. By close of day, the local unit stood at 116.05/116.25 as compared to Tuesday's close of 116.00/116.20.

Meanwhile, The PMI reading for Kenya fell below the 50-point neutral mark in April to 49.5 from 50.5 in March 2022. The Kenya PMI, dropped below the 50-mark first time in three months. Output and new orders fell as clients reduced their spending due to marked increases in selling prices, fuel costs and other living expenses. However, employment increased to a lesser degree than the previous month. The increase in staff capacity, alongside lower demand, helped lead to a stabilization of backlogs of work. Both input costs and selling charges surged to fresh highs due to the Russia-Ukraine conflict on the price front. Despite high prices, purchasing activity continued to increase sharply as firms looked to build buffer stocks of items at risk of being in short supply. The survey also found that rising fuel prices and cost of goods led to clients cutting their spending.

Indicative Forex Rates

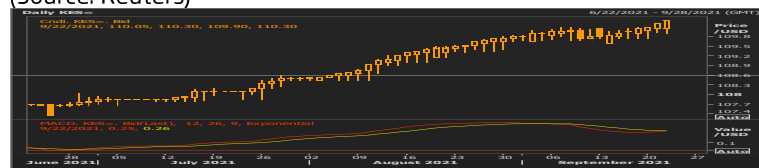
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	112.65	123.65	114.15	122.15
GBP/KES	137.83	150.90	137.60	147.33
EUR/KES	117.77	130.70	118.57	127.20
AED/KES	30.12	33.12	29.62	38.12

Money Market Rates	Current	Previous	Change
Interbank Rate	4.670%	4.670%	0.000
91-Day T-bill	7.580%	7.497%	0.083
182-Day T-Bill	8.542%	8.458%	0.084
364-Day T-Bill	9.840%	9.776%	0.064
Inflation	6.500%	5.560%	0.940
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya

SOFR, SONIA AND EONIA Rates	USD	EUR	GBP
3 Months	1.39986	-0.47000	1.23720
6 months	1.93200	-0.39200	1.65360

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index rose to fresh two-decade highs on Thursday to 104.44 as concerns that tighter monetary policies to tame surging inflation will hurt the global economy dampened risk sentiment and drove investors into the safe-haven currency. The dollar benefited as the data confirmed expectations for further aggressive hikes in interest rates by the Federal Reserve and investors fretted that central bank tightening could slow global economic growth.

The GBP/USD pair fell to \$1.2210 on Thursday, dropping to a near 2-year low after data showed the British economy grew less than expected in the first quarter, hurt by an intensifying cost-of-living crisis. In addition to the sterling woes are the Brexit jitters as the European Union showed readiness to suspend trade deals with the UK if it unilaterally revokes the Northern Ireland Protocol.

The euro edged higher on Thursday to \$1.0514, remaining above the five-year low at 1.0469 seen at the end of last month, helped by rising expectations that the European Central Bank will lift interest rates this summer, for the first time in more than a decade. An ECB Executive Board member voiced concerns about the high inflation level in the Eurozone, saying the central bank must respond even if the inflation drivers that have pushed it to record levels are global by nature.

Elsewhere, global oil prices dropped on Thursday to \$105.25 in a volatile week as recession fears dogged global financial markets, outweighing supply concerns and geopolitical tensions in Europe. However, supply concerns stemming from Russia's invasion of Ukraine have bolstered the market, with prices rising over 35% so far this year.

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	1.0270	1.1160
GBP/USD	1.2010	1.2450
USD/AED	3.6645	3.6890
USD/JPY	123.40	130.45

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.