



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH SEPTEMBER 2022

DOMESTIC NEWS

The Kenyan shilling was range bound against the greenback on Friday as market activity remained subdued. The demand and supply counters were well matched leading the shilling to be confined within the recently established ranges. Market trading volumes remained thin as traders looked to cover for the necessary flows. The movement in the local currency is likely to remain flow based as foreign currency buyers and sellers battle for dominance in the local forex market. By close of day, the local unit stood at 120.30/120.50 as compared to Thursday's close of 120.25/120.45.

Meanwhile, United Arab Emirates has leapfrogged India to become Kenya's second largest source market after China on the back of soaring oil prices, official statistics show. Provisional trade data on Friday showed expenditure on imports – largely petroleum products – from the Middle East more than doubled in the first six months of the year, reflecting runaway cost of fuel, which has hit businesses and households hard. Kenya traders spent a record Sh177.88 billion to buy goods from the oil-rich country, more than double, or 131.90 percent jump over Sh77.39 billion in a similar period last year, according to the Kenya National Bureau of Statistics. That has placed the UAE second in Kenya's top import markets, above India whose consignments in the country shot up 36.61 percent in the review period to Sh150.25 billion. The bulk of petroleum products in Kenya are sourced from the UAE, making it a large source market.

Indicative Forex Rates

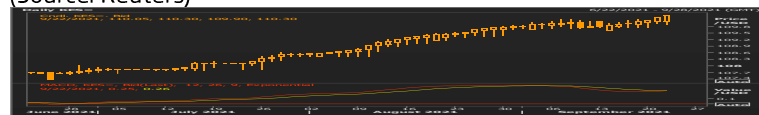
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	116.95	127.45	116.45	126.95
GBP/KES	135.81	155.31	135.01	149.81
EUR/KES	116.51	142.41	116.81	135.41
AED/KES	28.79	38.79	30.79	38.29

Money Market Rates	Current	Previous	Change
Interbank Rate	4.073%	4.155%	-0.082
91-Day T-bill	8.910%	8.860%	0.050
182-Day T-Bill	9.599%	9.576%	0.023
364-Day T-Bill	9.915%	9.876%	0.039
Inflation	8.530%	8.320%	0.210
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	3.15875	-0.34357	2.55400
6 months	3.49856	-0.46289	3.09750

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index sank to 108.61 on Monday. The greenback was subject to profit-taking as investors unwound some long bets after a month of strong gains. The main point of focus this week is U.S. consumer price inflation data due on Tuesday, which is largely expected to dictate the path of the dollar in the near term. Markets are expecting inflation to retreat further from highs hit earlier this year, helped largely by easing fuel prices. But the reading is still expected to be well above the Federal Reserve's annual target of 2%.

The GBP/USD pair grinds higher around 1.1625-30 as traders brace for the UK's data-filled week during early Monday. Even so, a softer US dollar and hopes of the faster rate hike from the Bank of England (BOE), mainly due to Liz Truss' election as the UK Prime Minister (PM), seem to keep the buyers hopeful. It should be noted that a week's delay by the BOE in its monetary policy decision also seems to restrict the Cable pair's latest moves.

The euro jumped to a more than three-week peak against the dollar on Monday to \$1.0082 as European Central Bank officials pushed the case for further aggressive monetary tightening.

Elsewhere, global oil prices fell on Monday to \$91.56 per barrel with the global fuel demand outlook overshadowed by COVID-19 restrictions in China and the potential for further interest rate hikes in the United States and Europe. Prices were little changed last week as gains from a nominal supply cut by the Organization of the Petroleum Exporting Countries (OPEC) and allies including Russia, a group known as OPEC+, were offset by ongoing lockdowns in China, the world's top crude importer.

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	0.9950		1.1260	
GBP/USD	1.1510		1.1850	
USD/AED	3.6650		3.6885	
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.