



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH MAY 2022

DOMESTIC NEWS

Trading was cramped on Thursday, which saw the shilling play second position against the greenback for the better part of the session. The shilling plunged as a result of increased demand for the buck, which overcame the supply-side and left the domestic currency feeble. 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 Wednesday's close of 116.00/116.20.

Meanwhile, Kenya's export of duty-free goods to the United States under the African Growth and Opportunity Act (Agoa) rose by 20% in 2021, crossing the KSh50 billion mark, the biggest leaps in seven years. The goods, mainly textile products, increased from KSh42.2 billion in 2020 to KSh50.6 billion in the review period. KNBS further says all the selected indicators under the EPZ garment and apparel subsector reported growths in 2021. Capital investment increased to KSh23 billion last year from 19.1 billion in 2020 while direct employment in the sub-sector increased by 10.5% to 50,359. Nairobi's bid to expand its initiative beyond apparel falls short of its exports target as the volumes of tea, coffee, and edible oil, which Kenya has been shipping to the US remain low. ago allows Kenya to export selected goods (more than 6,000 product lines) at preferential terms, exempting them from paying tax.

Indicative Forex Rates

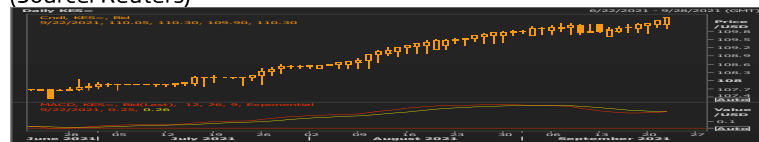
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	112.65	122.65	114.15	122.15
GBP/KES	137.96	150.96	137.66	147.46
EUR/KES	116.36	130.26	117.16	127.76
AED/KES	30.12	36.12	29.62	37.12

Money Market Rates	Current	Previous	Change
Interbank Rate	4.732%	4.659%	0.730
91-Day T-bill	7.683%	7.580%	0.103
182-Day T-Bill	8.722%	8.542%	0.180
364-Day T-Bill	9.860%	9.840%	0.020
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	1.42186	-0.47000	1.24120
6 months	1.96271	-0.39200	1.64790

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was down on Friday to 104.737 but remains near a 20-year high. Persistent global economic worries gave the dollar support. The U.S. Federal Reserve raised interest rates to 1% last week to tame inflation, the biggest hike in 22 years. Investors are concerned about more aggressive monetary policies that might hurt the economy.

The GBP/USD pair remained unattractive at \$1.2214 on Friday over stagflation and risk aversion hedge and the most recent developments in the UK have seemingly added to the headwinds for the currency. The government's legislative proposals for the upcoming parliamentary year left investors worrying that the economy could sink into a recession in the coming quarters in the absence of meaningful fiscal support. In addition, recent media reports have suggested that PM Boris Johnson would announce on Friday that his government would introduce new legislation that allows its ministers to override parts of the Northern Ireland protocol.

The euro licks its wounds near \$1.0380 on Friday. The major currency pair's latest daily fall, the biggest in 26 months, challenges the buyer's return ahead of the short-term key US consumer sentiment gauge for May. The reason for the latest anxiety for the euro could be linked to the divergence in comments from the Fed and the ECB policymakers.

Elsewhere, global oil prices extended gains on Friday to \$109.26 per barrel but were headed for their first weekly loss in three weeks as worries about inflation and China's COVID lockdowns slowing global growth in the world's second-largest economy offset concerns about dwindling fuel supplies from Russia.

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.