



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 14TH JULY 2022

DOMESTIC NEWS

The home unit succumbed to further losses versus the greenback in Wednesday's session. Augmented dollar demand from different sectors dominated counters through the day amidst dwindling inflows, leaving the USDKES pair's price action skewed to the upside in what was a one way move. Looking ahead, it remains to be seen whether the depreciation of the home unit will continue, and new trading ranges set. The direction of the USDKES pair remains at the mercy of the larger market sentiment. By close of day, the local unit stood at 118.30/118.50 as compared to Tuesday's close of 118.20/118.30.

Meanwhile, The African Development Bank (AfDB) has approved KSh10.9 billion loan to support Kenya's push for cleaner procurement processes. According to the bank, some of the funds would go towards supporting the adoption of an electronic procurement system for government goods and services to improve transparency in public procurement to curb graft. Building on the reforms supported by the Bank under the first phase, the second phase of the CERSP (Kenya's Competitiveness and Economic Recovery Support Programme) will support Kenyans in their efforts for greater transparency in public sector dealings by heralding the adoption of an electronic government procurement system by mandating companies that participate in public procurements to disclose their beneficial ownership information to the procuring entity/contracting authority. AfDB is the latest support for Kenya from multilateral lenders including the International Monetary Fund (IMF) and the World Bank.

Indicative Forex Rates

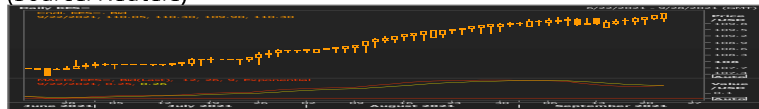
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	114.35	127.35	114.25	126.35
GBP/KES	136.40	153.90	135.60	150.40
EUR/KES	113.75	137.65	114.05	132.65
AED/KES	28.22	42.22	30.22	37.72

Money Market Rates	Current	Previous	Change
Interbank Rate	5.668%	5.796%	0.128
91-Day T-bill	8.167%	8.097%	0.070
182-Day T-Bill	9.253%	9.196%	0.057
364-Day T-Bill	9.980%	9.985%	-0.005
Inflation	7.900%	7.100%	0.800
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	2.10954	-0.58327	1.57430
6 months	2.59685	-0.57991	1.99540

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was up on Thursday morning to 108.42, as U.S. red hot inflation data drove the expectations for more monetary tightening from the U.S. Federal Reserve. The U.S. central bank raised its benchmark interest rates by 75 basis points in June, its biggest rate hike since 1994, and this reading could prompt the Fed to hike by a similar hefty amount later this month, even if this runs the risk of pushing the U.S. economy, the main global growth driver, into recession.

The GBP/USD pair fades bounce off intraday low while also reversing the previous day's rebound as sellers dominate around 1.1865 during early Thursday morning in Europe. Political pressures are weighing on pound after Boris Johnson resigned. Conservative Party MPs jostling to replace Boris Johnson as PM are happily pledging to cut taxes.

The euro price remains on the back foot at around 1.0030 on Thursday. The major currency pair portrays the market's pessimism surrounding the Eurozone economic conditions while also justifying the hawkish Fed bets after the multi-year high US inflation. In addition, the currency runs the risk of pushing up already record high inflation, or the European Central Bank could respond with its own version of rapid interest rate hikes increasing the pressure on an economy already hit hard by high energy costs.

Elsewhere, global oil prices rose on Thursday to \$100.25, as investors weighed tight supplies against the prospect of a large U.S. rate hike that would stem inflation and curb crude demand. Oil prices have tumbled in the past two weeks on recession concerns despite a drop in crude and refined products exports from Russia amid Western sanctions.

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	1.1150
GBP/USD	1.1750	1.2380
USD/AED	3.6645	3.6890
USD/JPY	129.70	139.90

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.