



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 14<sup>TH</sup> JUNE 2022

### DOMESTIC NEWS

Trading was cramped on Monday, 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 117.15/117.35 as compared to Friday's close of 117.10/117.30.

Meanwhile, Kenya and the US have revisited trade talks between the two countries as ministers meet at the World Trade Organization's 12th Ministerial Conference in Geneva. As a next step, the two countries have agreed to work to finalize a list of areas for cooperation to deepen economic engagement. This was during an engagement between the US Trade Representative ambassador Katherine Tai and Kenya's Industrialization, Trade and Enterprise Development Cabinet Secretary Betty Maina. The two have agreed to meet again in the coming weeks to announce next steps before end of next month (July). Issues discussed include trade facilitation and customs, standards, services digital trade, environment and climate change, and agriculture. The latest developments now gives hope to the deal that was facing possible delays over anxieties arising from the forthcoming Kenya's August elections.

#### Indicative Forex Rates

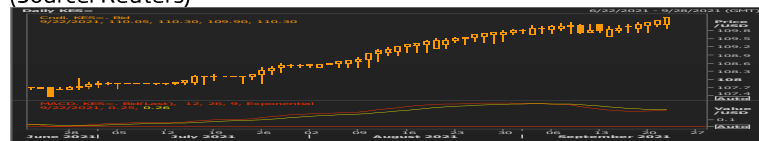
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	113.75	125.75	113.25	125.25
GBP/KES	138.75	153.25	137.95	152.75
EUR/KES	117.82	137.72	117.62	136.22
AED/KES	30.42	36.42	29.92	37.42

Money Market Rates	Current	Previous	Change
Interbank Rate	4.979%	4.941%	0.038
91-Day T-bill	7.866%	7.811%	0.055
182-Day T-Bill	9.037%	8.974%	0.063
364-Day T-Bill	9.952%	9.935%	0.017
Inflation	7.100%	6.500%	0.600
CBR RATE	7.500%	7.000%	0.500

Source; Central Bank of Kenya)

Libor Rates	USD	EUR	GBP
3 Months	1.74471	-0.47000	1.53770
6 months	2.31157	-0.39200	2.06240

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was down on Tuesday morning in Asia at 104.930, but still stood near a fresh 20-year peak as investors look to more aggressive interest rate hikes from the U.S. Federal Reserve and a possible recession. Markets have scrambled to bet on rapid-fire hikes in the wake of an unexpectedly hot inflation reading on Friday. Consecutive 75 basis point rate rises in June and July are close to fully priced, sending shockwaves across asset classes.

The GBP/USD pair failed to extend the early Asian session rebound from a two-year low as it eases back to \$1.2150 on Tuesday. The sterling's latest weakness could be linked to the growing fears surrounding the UK's economic hardships, as well as the Bank of England's (BOE) ability to tame inflation and avoid recession, ahead of the monthly employment data from Britain.

The euro witnessed a minor cushion marginally below \$1.0400 in the Asian session on Tuesday, however, more downside is still favored amid broader strength in the US dollar index. The European Central Bank (ECB) kept its monetary policy unchanged last week. ECB President Christine Lagarde decided to take the bullet itself despite soaring inflationary pressures. This week, the speech from ECB Lagarde will remain in focus.

Elsewhere, global oil prices inched lower to \$122.02 after seesawing through early trading on Tuesday, as worries that fuel demand would be hit by a possible recession and fresh COVID-19 curbs in China outweighed tight global supplies. In China, a COVID outbreak at a bar in Beijing has raised fears of a new phase of lockdowns just as restrictions were being eased and fuel demand was expected to firm.

#### 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	1.0250	1.0790
GBP/USD	1.2010	1.2450
USD/AED	3.6645	3.6890
USD/JPY	130.10	137.60

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.