



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

## TREASURY MARKET UPDATE 15<sup>TH</sup> AUGUST 2022

### DOMESTIC NEWS

The trading session on Friday proceeded at a snail pace as players on the demand counters continued to dance to the tune of reduced activity that has characterized the local FX market lately. A dearth in activity across the counters saw the pair lose as demand took precedence. Price action for the USD/KES pair remains largely flow driven. By close of day, the local unit stood at 119.40/119.60 as compared to Thursday's close of 119.35/119.55.

Meanwhile, the usable foreign exchange reserves remained adequate at USD 7,682 million (4.43 months of import cover) as of August 11. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover.

Separately, For the first time since 2017, private sector credit growth recorded double-digit growth in quarter one of this year according to the latest data from the Central Bank of Kenya. The regulator attributes the growth to the change in law that reversed interest rates controls in November 2019 and a recovery of the economy due to easing of Covid-19 restrictions. The sectors that have seen increased funding from various banks are manufacturing, trade, households, transport and communications, and the real estate sector. In its financial sector stability report for 2021, the Central Bank also warns that tightening of lending standards by banks could lead to an increase non-performing loans and reduce credit uptake.

#### Indicative Forex Rates

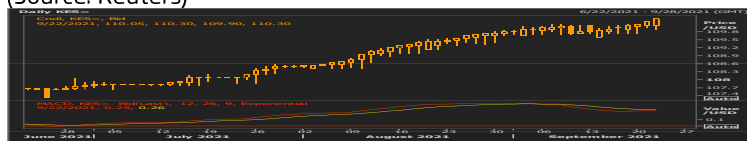
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	115.55	126.55	115.95	126.05
GBP/KES	140.89	160.39	140.09	154.89
EUR/KES	117.66	143.56	117.96	136.56
AED/KES	28.55	44.55	30.55	38.05

Money Market Rates	Current	Previous	Change
Interbank Rate	5.696%	5.601%	0.095
91-Day T-bill	8.565%	8.473%	0.092
182-Day T-Bill	9.433%	9.400%	0.033
364-Day T-Bill	9.922%	9.920%	0.002
Inflation	8.300%	7.900%	0.400
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	2.71174	-0.50148	2.00320
6 months	3.07485	-0.53980	2.40520

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index edged higher to 105.77 on Monday as traders continued to weigh data that has raised the possibility that U.S. inflation may be peaking against Federal Reserve policymakers' hawkish comments. U.S. data on Friday showed that the first decline in import prices for seven months followed statistics earlier in the week that showed consumer and producer prices also cooling. Analysts will scour minutes of the Fed's most recent meeting, due to be released on Wednesday, for more clues on policymakers' thinking, while retail sales data on Friday will give some fresh insight on the economy's health.

The GBP/USD pair picks up bids to refresh intraday highs near \$1.2150 during Monday's session. In doing so, the cable pair cheers the broad US dollar weakness while paying less heed to the uncertainty surrounding the Bank of England's (BOE) next move. In focus this week will be the UK jobs data number as the the UK political uncertainty continues to remain a drag on the pound.

The euro is licking its wounds on Monday at \$1.02455 as traders brace for the long week during early Monday morning in Europe. Even so, the major currency pair remains down for the second consecutive day while keeping eyes on this week's Federal Open Market Committee (FOMC) meeting minutes, as well as chatters surrounding the Eurozone recession. Fears surrounding the Eurozone recession is mainly due to the German energy crisis.

Elsewhere, global oil prices dropped for a second session on Monday to \$97.26 per barrel as weak China economic data triggered concerns about demand at the world's largest crude importer while the head of the world's top exporter, Saudi Aramco said it was ready to ramp up output.

#### 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	0.9910	1.1250
GBP/USD	1.1660	1.2570
USD/AED	3.6650	3.6885
USD/JPY	129.40	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.