



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH FEBRUARY 2022

DOMESTIC NEWS

The Kenyan shilling was unchanged against on Monday against the U.S. dollar as foreign currency demand and supply became matched. An uptick in activity across the counters saw the pair oscillate between gains and losses, ending the session within similar ranges. Price action for the USD/KES pair was largely flow driven. By close of day, the local unit stood at 113.55/113.75 same as Friday's close.

In the meantime, The International Monetary Fund (IMF) has upgraded economic outlook for Sub Saharan Africa to four per cent from 3.8 per cent projected in October. The lender, however, expects the growth to shrink marginally to 3.7 per cent this year before stabilizing to four per cent in 2023. It expects inflation to remain well anchored and the pandemic eases its grip, higher inflation should fade as supply chain disruptions ease, monetary policy tightens, and demand rebalances away from goods-intensive consumption towards services. The global economy is estimated at 5.9 per cent in 2021 and is expected to moderate to 4.4 per cent in 2022, half a percentage point lower than in the October last year. The baseline incorporates anticipated effects of mobility restrictions, border closures, and health impacts from the spread of the Omicron variant. Even so, the report says these vary by country depending on susceptibility of the population, the severity of mobility restrictions, the expected impact of infections on labor supply, and the importance of contact-intensive sectors.

Indicative Forex Rates

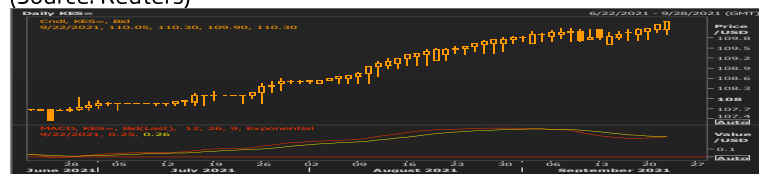
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	110.15	117.15	111.65	116.65
GBP/KES	149.88	157.88	149.58	158.28
EUR/KES	124.25	132.15	125.05	132.55
AED/KES	29.44	32.44	28.94	32.94

Money Market Rates	Current	Previous	Change
Interbank Rate	4.763%	4.108%	0.655
91-Day T-bill	7.285%	7.317%	-0.032
182-Day T-Bill	8.108%	8.095%	0.013
364-Day T-Bill	9.668%	9.594%	0.074
Inflation	5.400%	5.700%	-0.300
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
3 Months	0.50643	-0.52300	0.86200
6 months	0.84043	-0.45800	1.38740

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index reached a two-week high on Monday at 96.4410 on growing worries about Russia-Ukraine tensions and as St. Louis Federal Reserve President James Bullard reiterated calls for faster U.S. Federal Reserve interest rate hikes. Washington had said Russia could invade Ukraine "any day now." The United States is relocating its embassy operations in Ukraine from the capital Kyiv to the western city of Lviv, citing the "dramatic acceleration in the buildup of Russian forces." Away from geopolitics, U.S. Federal Reserve officials continuing to spar over how aggressively to begin upcoming interest rate increases at their March meeting.

The GBP/USD pair licked its wounds at \$1.3530 on Monday over Brexit headlines and receding fears of an imminent war between Russia and Ukraine. However, inflation fears and Fed-rate-hike concerns join the GBP/USD indecision.

The euro edged up a little to \$1.1320 on Monday but was still nursing bruises after two sessions of sharp losses as tensions in Eastern Europe. Investors were spooked overnight by Ukrainian President calling on citizens to fly the country's flags from buildings and sing the national anthem in unison on Feb. 16, a date that some Western media have cited as a possible start of a Russian invasion.

Elsewhere, global oil prices plunged on Tuesday to \$95.90 per barrel, with investors taking profits from the previous day's rally and global shares fell. However, losses were minimized over mounting fears of a Russian invasion of Ukraine, which could disrupt supplies. Fears that Russia, one of the world's largest oil and gas producers could invade Ukraine have been behind the black liquid's rally towards \$100 per barrel.

Indicative Profit Rates on Deposits

	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	6.55%	0.25%
1 Month	6.75%	0.50%
3 Months	7.00%	0.75%
6 Months	7.50%	1.00%
1 year	8.00%	1.25%

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1150	1.1370
GBP/USD	1.3405	1.3770
USD/AED	3.6645	3.6890
USD/JPY	112.20	117.80

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.