



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

## TREASURY MARKET UPDATE 16<sup>TH</sup> AUGUST 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 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 the new President Elect announced. By close of day, the local unit stood at 119.45/119.65 as compared to Friday's close of 119.40/119.60.

Meanwhile, The World Bank has proposed adjustments to Kenya's health financing model, among them a review of removing user fees in hospitals. The lender says in a new document that while the financing model is meant to reduce out-of-pocket expenditure for most Kenyans, it is not being met by equivalent compensation from the exchequer. The report produced by a team from the World Bank's Health, Nutrition and Population Global Practice, dubbed the Kenya Public Expenditure Review for the Health Sector for 2014 to 2020 financial years, provides a glimpse of how investments in the sector should be made for the future. The World Bank says despite the government's efforts on financial protection, out-of-pocket expenditures continue to make up a significant proportion of the total health spending and drive about a million individuals into poverty each year.

#### Indicative Forex Rates

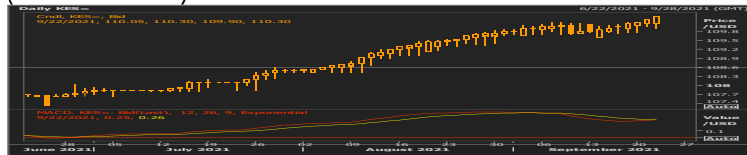
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	116.10	126.60	115.60	126.10
GBP/KES	140.11	159.61	139.31	154.11
EUR/KES	116.61	142.51	116.91	135.51
AED/KES	28.56	38.60	30.56	38.06

Money Market Rates	Current	Previous	Change
Interbank Rate	5.556%	5.696%	0.140
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	2.72636	-0.48218	2.05020
6 months	3.09788	-0.52899	2.46350

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index hovered near a one-week high on Tuesday at 106.51. U.S. single-family homebuilders' confidence and New York state factory activity fell in August to their lowest since near the start of the COVID-19 pandemic, a further sign the world's largest economy is softening as the Federal Reserve raises interest rates. Separately, the U.S. economy contracted in the first and second quarters, amplifying an ongoing debate over whether the country is, or will soon be, in recession.

The GBP/USD pair has paused its three-day sell-off near mid-\$1.2000s on Tuesday morning. The UK Unemployment Rate is seen steady at 3.8% in June while the average hourly earnings ex-bonus is likely to tick higher from 4.3% to 4.5% in June. The last jobs report came in strong and therefore lifted odds for a 50 bps BOE rate hike in September. It is worth noting that, ever since the energy crisis in the UK and Europe has worsened while the global economic outlook has turned dour. Besides, the UK jobs data, Wednesday's inflation data will hold the key for the BOE's next rate hike trajectory.

The euro licks its wounds around \$1.0160, after a brief corrective pullback, as fears surrounding economic slowdown join pre-data anxiety. With this, the major currency also justifies the bearish technical formation during early Tuesday morning.

Elsewhere, global oil prices fell on Tuesday to \$94.37 per barrel as bleak economic data from the top crude buyer China renewed fears of a global recession. Investors also watched talks to revive the 2015 Iran nuclear deal. More oil could enter the market if Iran and the United States accept an offer from the European Union, which would remove sanctions on Iranian oil exports.

#### 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	0.9905	1.1240
GBP/USD	1.1680	1.2550
USD/AED	3.6650	3.6885
USD/JPY	129.30	139.20

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.