



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH FEBRUARY 2022

DOMESTIC NEWS

The trading session on Tuesday proceeded at a snail pace as players on both the demand and supply 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 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 Monday's close.

In the meantime, developing countries face growing risks from financial fragility created by the Covid-19 crisis and non-transparent debt, says a new World Bank report. As rising inflation and interest rate increases pose further challenges to recovery, developing countries which need to focus on creating healthier financial sectors. According to the World Bank Group the risk is that the economic crisis of inflation and higher interest rates will spread due to financial fragility. Tighter global financial conditions and shallow domestic debt markets in many developing countries are crowding out private investment and dampening the recovery. According to the latest update of the IMF's Global Debt Database, global debt rose by 28 percentage points to 256 per cent of GDP. In Kenya, public debt stock increased by 16.82 per cent between March 2020 and March 2021. Besides the increasing public debt stock, the composition of public debt stock, debt servicing and debt sustainability have drawn the attention of policymakers.

Indicative Forex Rates

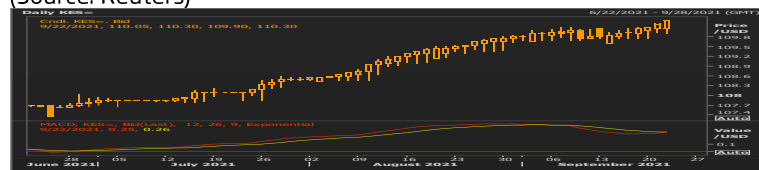
| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 110.15 | 117.15 | 111.65 | 116.65 |
| GBP/KES | 149.93 | 157.93 | 149.63 | 158.33 |
| EUR/KES | 124.58 | 132.48 | 125.38 | 132.88 |
| AED/KES | 29.44 | 32.44 | 28.94 | 32.94 |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate | 4.220% | 4.371% | -0.151 |
| 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 dipped on Tuesday to 95.9930 as investors absorbed the latest news on the Russia-Ukraine standoff, with briefly paring some of its losses late in the day after President Joe Biden said that a Russian attack on Ukraine remains a possibility. Biden, in nationally televised remarks, also said reports that some Russian forces have moved away from the Ukraine border have not yet been verified by the United States. Separately, market participants will also remain alert to any comments this week from U.S. Federal Reserve officials on the interest rate hike outlook.

The GBP/USD pair advanced to \$1.3545 on Tuesday. The latest UK jobs report suggests a sustained recovery in employment while also pushing the Bank of England towards a stronger battle with inflation. On the other hand, Boris Johnson's allies claim he can avoid fine over 'party gate' scandal.

The euro held on to gains at \$1.1350 on Tuesday having jumped on reports that some Russian forces had moved away from the Ukraine border, though, with tensions still elevated, the common currency failed to make further progress. Meanwhile, hours after Moscow's announcement, Ukraine said the online networks of its defense ministry and two banks were overwhelmed by a cyber-attack.

Elsewhere, global oil prices steadied on Wednesday to \$93.19 per barrel after retreating more than 3% in the previous session as investors gauged the impact of easing Russia-Ukraine tension against a taut balance between tight global supplies and recovering fuel demand. But beyond the Ukraine tension, the oil market remains tight, and prices are still on course for a move towards \$100 a barrel.

Indicative Profit Rates on Deposits

| | Amounts > 10 million | | Amounts >100,000 | |
|----------|----------------------|-------|------------------|-----|
| | KES | USD | 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 | 1.1170 | 1.1470 |
| 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.