



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

## TREASURY MARKET UPDATE 16<sup>TH</sup> JUNE 2022

### DOMESTIC NEWS

The home unit succumbed to further losses versus the greenback in Wednesday's active session. Augmented dollar demand from energy and manufacturing sectors dominated counters through the day amidst dwindling inflows, leaving the USDKES pair's price action skewed to the upside in what was a one way move. Looking ahead, it remains to be seen whether the depreciation of the home unit will continue, and new trading ranges set. By close of day, the local unit stood at 117.25/117.45 as compared to Tuesday's close of 117.20/117.40.

Meanwhile, traders in Nairobi want China to further open its market for Kenyan goods and services to bridge the huge trade deficit. Speaking at the second Nairobi-China Trade and Investment Forum, the traders said business is currently largely in favour of China, with Kenya's export only valued at Sh10 billion. Kenya's is a net importer from China placing the trade deficit at \$3.4 billion (Sh398.71 billion) in 2019. In the past five years imports have contracted while exports have grown by 9.3 per cent and 43.5 per cent in 2018 and 2019, respectively. The traders said barriers faced by Kenyan exporters are often product-specific and market-specific. The additional measures now require that exporting manufacturers must register with the General Administration of Customs China They said to boost exports to China, the Ministry of Trade & Enterprises Development in partnership with other relevant state actors should continue with the bilateral, regional, and international trade engagements.

#### Indicative Forex Rates

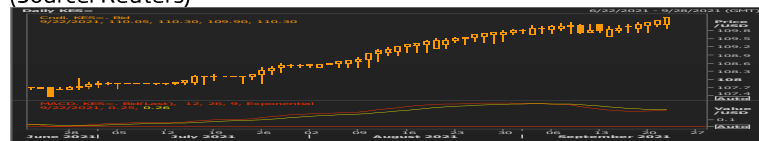
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	113.85	125.85	113.35	125.35
GBP/KES	138.56	153.06	137.76	152.56
EUR/KES	118.10	138.00	117.90	136.50
AED/KES	30.45	36.45	29.95	37.45

Money Market Rates	Current	Previous	Change
Interbank Rate	5.086%	4.999%	0.087
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	2.00329	-0.57800	1.60440
6 months	2.66800	-0.68500	2.19220

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was down on Thursday morning in Asia hovering around 104.780 as investors digested a 75-basis points rate hike announced by the U.S. Federal Reserve on Wednesday. The U.S. Federal Reserve raised rates by 75 basis points to leave the target range standing at 1.50% - 1.75% in order to tame inflation after the U.S. consumer price index rose 8.6% year on year in May, the largest since 1994. The Fed Chair Jerome Powell said the central bank will deliver another big hike in July, but "today's 75 basis-point increase is an unusually large one and I do not expect moves of this size to be common." The Fed also said it will shrink its balance sheet by \$47.5 billion a month.

The GBP/USD pair remains mildly offered around \$1.2160 on Thursday, despite the latest bounce off intraday lows, as the traders brace for the Bank of England's (BOE) monetary policy meeting during early Thursday. On the Brexit front, UK's decision to unilaterally alter the Northern Ireland Protocol (NIP) witnessed legal retaliation from the European Union (EU), as expected. In addition, a push for a Scottish independence vote next year is weighing on GBP sentiment.

The euro is facing hurdles at \$1.0450 levels on Thursday. The European Central Bank highlighted that it would attach some loose conditions to a potential scheme designed to cap borrowing costs for the eurozone's most indebted states in a bid to avoid fragmentation risks.

Elsewhere, global oil prices recovered on Thursday settling at \$119.61, from a steep drop in the previous session, supported by tight oil supply and peak summer consumption, after a U.S. rate hike sparked fears of slower economic growth.

#### 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	1.0240	1.0690
GBP/USD	1.2020	1.2470
USD/AED	3.6645	3.6890
USD/JPY	130.80	137.50

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.