



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH AUGUST 2022

DOMESTIC NEWS

The Kenyan shilling was range bound against the greenback on Tuesday as market activity remained subdued. The demand and supply counters were well matched leading the shilling to be confined within the recently established ranges. Market trading volumes remained thin as traders looked to cover for the necessary flows. The movement in the local currency is likely to remain flow based as foreign currency buyers and sellers battle for dominance in the local forex market. By close of day, the local unit stood at 119.45/119.65 the same as Monday's close.

Meanwhile, Kenya is seeking to stop unsolicited ratings by global firms by requiring them to seek regulatory approvals before ranking the sovereign or companies' debt portfolios. The capital markets regulator has issued new guidelines that will require foreign rating agencies to apply for a certificate of recognition before issuing rankings in Kenya. The Capital Markets Authority (CMA) explained in an impact assessment that unsolicited ratings fail to capture the government's efforts to address downside risks and open doors for unfavorable ratings. Global credit ratings have come under scrutiny after slashing assessments and adjusting downgrades on developed countries on the effect of the coronavirus pandemic amid criticism they fuel further economic deterioration. This has prompted countries to impose controls over rating firms in their jurisdiction that risk locking out the global firms.

Indicative Forex Rates

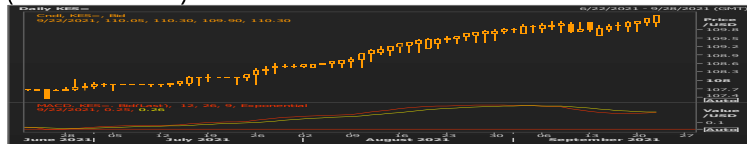
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	116.10	126.60	115.60	126.10
GBP/KES	140.96	160.50	140.15	154.95
EUR/KES	116.89	142.80	117.20	135.80
AED/KES	28.56	34.86	29.36	34.36

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	2.73671	-0.47453	2.06160
6 months	3.10647	-0.52630	2.47520

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was at 106.39 on Wednesday steady in morning trade. The index has recovered most of the ground it lost last week after cooler-than-expected U.S. inflation but remains well off its mid-July top of 109.29. Separately, recession worries persist amid concern the Federal Reserve will continue its steep interest rate hikes despite nascent signs of a slowdown in inflation.

The GBP/USD pair up bids to extend the previous day's recovery to \$1.2100 during Wednesday's session. Given the recently released unimpressive employment data, coupled with the allegations of the Bank of England's (BOE) inaction, today's data will be watched closely by the GBP/USD traders. It's worth noting that the recent pressure on wage prices and upbeat jobs report also highlight the Producer Price Index (PPI) as an important catalyst for the immediate GBP/USD direction.

The euro remains mildly bid around the intraday high, keeping the previous day's corrective pullback from a three-week low, ahead of the key data from Eurozone and the US. That said, the major currency pair seesaws around \$1.0800 heading into Wednesday's European session. On a different note, Europe's signals to renew the nuclear deal with Iran, as well as pushing back plans for the closure of Germany's last three nuclear power plants has favored the euro.

Elsewhere, global oil prices rose on Wednesday to \$92.90 per barrel, recovering from six-month lows hit the previous day, as a larger-than-expected drop in U.S. oil and gasoline stocks reminded investors that demand remains firm, if overshadowed by the prospect of a global recession.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	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	0.9920	1.1240
GBP/USD	1.1690	1.2560
USD/AED	3.6640	3.6880
USD/JPY	129.40	139.50

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.