



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17th OCTOBER 2022

DOMESTIC NEWS

The Kenya Shilling weakened on Friday as dollar demand from fuel importers rose outpacing the supply.

The local currency expected to continue weakening even further as the greenback continues to strengthen against most major currencies of the world. Commercial banks quoted a rate of 120.95/121.15 against the Thursdays close of 120.90/121.10

In other news, top commercial banks have started increasing lending rates by up to 1.1 percentage points after the Central Bank of Kenya (CBK) raised its benchmark interest rate by the biggest margin in more than seven years, setting the stage for costly credit for homes and businesses in a recovering economy.

The lenders are reacting to the CBK's decision of September 29 that raised the benchmark interest rate by 75 basis points to 8.25 percent to anchor inflation expectations.

It marked the central bank's first policy meeting since newly elected President William Ruto took power last month, and second hike this year and the steepest since July 2015. (Business daily)

Indicative Forex Rates

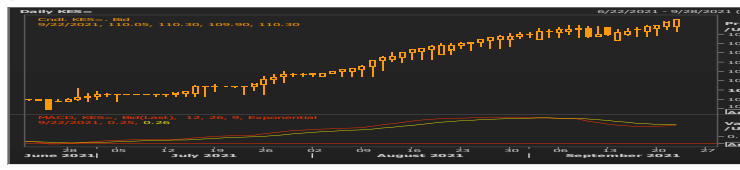
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	117.60	128.10	117.10	127.60
GBP/KES	132.66	152.16	131.86	146.66
EUR/KES	113.19	139.09	113.49	132.09
AED/KES	28.97	38.97	30.97	38.47

Money Rates	Market	Current	Previous	Change
Interbank Rate		4.720%	5.400%	0.000
91-Day T-bill		9.058%	9.036%	0.022
182-Day T-Bill		9.656%	9.639%	0.017
364-Day T-Bill		9.910%	9.905%	0.005
Inflation		9.200%	8.530%	0.670
CBR RATE		7.500%	8.250%	0.750

Source; Central Bank of Kenya)

LIBOR Rates	USD	JPY	GBP
6 Months	4.68529	0.04206	4.33310
12 months	5.28314	-	-

(Source: Reuters)



INTERNATIONAL NEWS

Sterling inched cautiously higher following British Prime Minister Liz Truss's partial reversal of her government's economic plan, while the yen was pinned near a 32-year low as markets awaited signs of intervention from Japanese authorities.

The pound gained 0.42% to \$1.1225, after Truss said on Friday that Britain's corporation tax will rise to 25% from April next year instead of keeping it at 19% as part of her government's initial "mini-budget".

On the other hand, a majority, Asian currencies rose slightly on Monday, recovering some lost ground from last week as the dollar retreated, although China's commitment to maintaining its strict zero-COVID policy dented the yuan.

Oil prices rose on Monday, recovering some of last week's losses as more OPEC+ members expressed support for a recent production cut of over 2 million barrels per day, despite increased opposition from the United States.

London traded Brent oil futures rose 1.1% to \$92.47 a barrel, while U.S. West Texas Intermediate futures rose 0.9% to \$85.37 a barrel by 20:46 ET (00:46 GMT). Both contracts recovered from a 7% loss last week, which was spurred by a strengthening dollar and a bigger-than-expected inventory increase in the United States.

Gold prices inched higher on Monday but were pinned below key support levels as markets feared more interest rate hikes by the Federal Reserve, while copper markets awaited quarterly production figures from some of the biggest miners in the world, due later this week.

Bullion prices marked their worst week in two months as data showed U.S. inflation will likely take much longer to cool than initially expected. The reading drove up expectations of more inflation-busting rate hikes when the Fed meets in November.

Spot gold rose 0.1% to \$1,646.02 an ounce, while gold futures rose 0.2% to \$1,651.35 an ounce by 19:25 ET (23:25 GMT). Both instruments fell more than 3% in the prior week.

In the commodities market, Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000
	KES	USD	
2 Weeks	6.00%	0.35%	
1 Month	6.55%	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	0.9506	0.9910
GBP/USD	1.1108	1.1340
USD/AED	3.6630	3.6832
USD/JPY	145.25	149.95

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.