



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

## TREASURY MARKET UPDATE 19<sup>TH</sup> AUGUST 2022

### DOMESTIC NEWS

Trading was cramped on Thursday, which saw the shilling play second position against the greenback for the better part of the session. The shilling plunged as a result of increased demand for the buck, which overcame the supply-side and left the domestic currency feeble. By close of day, the local unit stood at 119.60/119.80 as compared to Wednesday's close of 119.55/75.

Meanwhile, The United Kingdom (UK) has opened a window for Kenyan goods such as apparel and agricultural products to enjoy lower or zero tariffs despite being a lower middle-income economy. The UK this week listed Kenya's neighbors among them Uganda, Ethiopia, Rwanda, and South Sudan including other 65 developing countries as beneficiaries of a new bilateral trade deal that cuts import taxes on hundreds of products from some of the world's developing countries to boost trade links. But it left out Kenya since it was upgraded from the group of the least developed countries. But the new pact under the Developing Countries Trading Scheme (DCTS) has allowed the three countries including Uganda which is Kenya's regional top trading partner, to import goods from Kenya and re-export them duty-free into the UK. Under the deal, Kenya's neighbours which are classified as least developed countries or LDCs will be able to buy goods in Kenya and export the finished goods to the UK.

#### Indicative Forex Rates

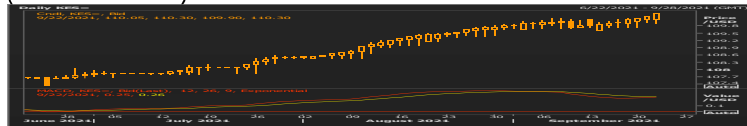
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	116.25	126.80	115.75	126.75
GBP/KES	138.53	158.03	137.73	152.53
EUR/KES	115.77	141.67	116.07	134.67
AED/KES	28.60	38.60	30.60	38.10

Money Market Rates	Current	Previous	Change
Interbank Rate	5.527%	5.598%	-0.071
91-Day T-bill	8.669%	8.565%	0.104
182-Day T-Bill	9.492%	9.433%	0.059
364-Day T-Bill	9.909%	9.922%	-0.013
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	2.79967	-0.46372	2.17420
6 months	3.17175	-0.52091	2.69560

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index climbed to a fresh one-month high against a basket of major peers on Friday at 107.620 as Federal Reserve policymakers continued to talk up the need for further interest rate hikes ahead of their key Jackson Hole symposium next week. Fed Chair Jerome Powell will have a chance to update the market on his views at the annual Jackson Hole symposium on Aug. 25-27. On another note, Concerns over escalating tensions between the United States and China, as Washington and Taiwan began negotiations over a trade agreement, also weighed on Chinese markets.

The GBP/USD pair offers to renew its monthly low at \$1.1905 during Friday's session, down for the third consecutive day amid pessimism concerning the UK's economy, as well as hawkish Fed speak and upbeat US data. That said, the market's latest move in favor of the US dollar could be linked to the increased anxiety over the Russia-Ukraine and the US-China tension.

The euro holds lower ground near the monthly bottom of \$1.0070 as US dollar strength pleases the pair bears amid a sluggish European morning on Friday. That said, fears of German recession and geopolitical concerns join the risk-aversion wave, as well as the hawkish Fed speak, to weigh on the major currency pair. Separately, hopes that Iran nuclear deal will get the much-desired outcome tries to keep the EUR/USD prices in check.

Elsewhere, global oil prices dipped on Friday to \$96.23 after two days of gain, as market participants weighed worries about global economic slowdown - that could dampen fuel demand - against expectations of tighter supplies toward year-end.

#### 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	0.9970	1.1230
GBP/USD	1.1670	1.2550
USD/AED	3.6640	3.6880
USD/JPY	129.50	139.60

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.