



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST JULY 2022

DOMESTIC NEWS

Kenya shilling firmed slightly against the dollar in light trade on Wednesday following the approval of an international monetary fund (IMF) loan.

Commercial banks quoted the shillings at 118.45/65 per dollar compared to Tuesday's close of 118.50/70

In other local news, Kenya's horticulture sector is facing fresh threats as the euro —the currency in which it is paid for exports— has lost ground against the shilling over the past six months.

Commercial banks on Wednesday quoted the local currency at the Sh120.6 mark against the euro, down from an average of Sh128 that it recorded in February. On Friday it had dropped to a low of 119.

The decline implies that flower exporters are taking a cut of at least an average of Sh10 on their earnings compared to the first half of the year.

About 72 per cent of Kenya's horticulture exports are paid in euros, while 25 per cent are paid in the British Pound, with the uncertainty in the currency expected to hit foreign earnings.

Europe is plagued by a war in Ukraine that has fueled inflation in the business bloc, hurting the EU's growth outlook.

Indicative Forex Rates

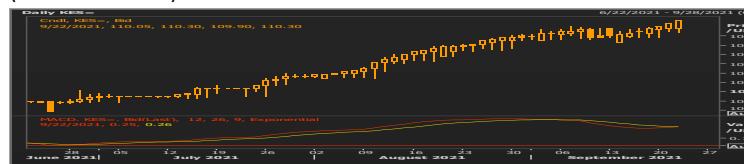
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	114.55	127.55	114.55	126.55
GBP/KES	138.18	151.18	137.38	152.08
EUR/KES	116.25	130.15	116.55	132.05
AED/KES	28.28	44.28	30.28	34.28

Money Market Rates	Current	Previous	Change
Interbank Rate	5.320%	5.310%	-0.010
91-Day T-bill	8.248%	8.167%	0.081
182-Day T-Bill	9.305%	9.253%	0.052
364-Day T-Bill	9.986%	9.980%	0.006
Inflation	7.910%	7.080%	0.830
CBR RATE	7.500%	7.000%	0.500

Source; Central Bank of Kenya)

LIBOR Rates	USD	JPY	GBP
6 Months	3.26743	0.04823	2.51800
12 months	3.86300	-	-

(Source: Reuters)



INTERNATIONAL NEWS

The dollar was down on Thursday morning in Asia as the European Central Bank is poised to hike interest rates for the first time since 2011 and the key Russia gas pipeline is scheduled to reopen later in the day. The US Dollar Index that tracks the greenback against a basket of other currencies edged down 0.19% to 106.87 by 11:44 PM ET (3:44 AM GMT). Against the Japanese yen the USD/JPY pair inched up 0.05% to 138.27. The Bank of Japan kept its interest rate unchanged, even as it predicts more consumer inflation amid higher commodity prices worldwide.

On the other hand, the euro held gains this week as investors expect the ECB might deliver a 50 basis-point rate hike. Also, the Nord Stream pipeline reopens on Thursday following a 10-day maintenance shutdown.

In the commodities market, Gold was down on Thursday morning in Asia and fell to the lowest in nearly a year as investors expect interest rate hikes by major central banks to curb soaring inflation. Gold futures was down 0.66% to \$1,689.05 by 12:03 AM ET (4:13 AM GMT). The dollar, which normally moves inversely to gold, edged down on Thursday morning.

The U.S. Federal Reserve is widely expected to raise interest rates by 75 basis points at its July 26-27 policy meeting.

Across the Atlantic, the European Central Bank is set to raise interest rates for the first time since 2011 on Thursday, with a higher-than-expected move to contain runaway inflation.

Oil prices fell on Thursday, continuing a trend sparked by growing demand concerns after U.S. government data showed tepid gasoline demand despite tight global supply.

Brent oil futures slipped by 0.84% to \$106.02 by 12:44 AM ET (4:44 AM GMT) while crude oil WTI futures fell 1.00%, to \$98.88.

Oil prices have been see-sawing as traders struggled with tighter global supply due to the loss of Russian barrels after the country's invasion of Ukraine. Questions over a recession also weakened energy demand.

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	1.0023	1.0425
GBP/USD	1.1772	1.2129
USD/AED	3.6527	3.6931
USD/JPY	136.22	140.23

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.