



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST SEPTEMBER 2022

DOMESTIC NEWS

The Kenya shilling was flat on Tuesday but is expected to weaken due to increased demand for dollars from oil marketing companies.

Commercial banks quoted the shillings at 120.40/60 per dollar same with Mondays close.

In other news, the share of Kenya's external debt from commercial lenders declined to 14 percent from 15.5 percent in the year to June 2022, reflecting difficulties the government has faced accessing international credit due to high interest rates.

The National Treasury cancelled issuance of a Eurobond and syndicated loan early this year due to the current high cost of borrowing, with investors at some point, demanding rates of up to 22 percent to lend to the country. That saw commercial loans fall from Sh1.195 trillion to Sh1.181 trillion in the 12-month period, the latest filings by the Controller of Budget show. (Business daily)

Indicative Forex Rates

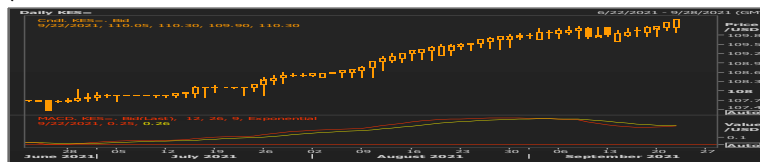
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	117.10	127.60	116.60	127.10
GBP/KES	133.83	153.33	133.03	147.83
EUR/KES	116.00	141.90	116.30	134.90
AED/KES	28.83	38.83	30.83	38.33

Money Market Rates	Current	Previous	Change
Interbank Rate	3.860%	3.990%	0.130
91-Day T-bill	8.950%	8.910%	0.040
182-Day T-Bill	9.615%	9.599%	0.016
364-Day T-Bill	9.913%	9.915%	0.002
Inflation	8.530%	8.320%	0.210
CBR RATE	7.500%	7.500%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	JPY	GBP
6 Months	4.12329	0.05069	3.51810
12 months	4.67214	-	-

(Source: Reuters)



INTERNATIONAL NEWS

The dollar ascended close to a two-decade high on Tuesday, as investors geared up for another aggressive interest rate hike from the Federal Reserve, the main focus in a week packed with central bank meetings.

The Fed started a two-day meeting on Tuesday, with rate futures traders pricing in an 83% chance of a 75 basis-point hike and a 17% probability of a 100 bps of tightening.

The dollar index was on track for its fifth weekly gain in six and was last up 0.5% at 110.10 (=USD), just below a more than 20-year high of 110.79 touched earlier this month.

The euro on the other hand, slid 0.6% to \$0.9966, after dropping as low as \$0.9864 on Sept. 6 for the first time in two decades while the beaten-down sterling fell 0.5% to \$1.1385.

Europe's single currency the Euro, failed to get a boost even after European Central Bank President Christine Lagarde said the bank may need to raise rates to a level that restricts economic growth to cool demand and combat unacceptably high inflation.

In the commodities markets, Oil prices ticked up on Wednesday on supply concerns, but expectations of another aggressive U.S. interest rate hike capped gains amid investor concerns it could lead to a recession and hurt fuel demand.

Brent crude futures rose 11 cents, or 0.1%, to \$90.73 a barrel by 0415 GMT after falling \$1.38 the previous day.

U.S. West Texas Intermediate crude was at \$83.99 a barrel, up 5 cents, or 0.1%. The October delivery contract expired down \$1.28 on Tuesday while the more active November contract lost \$1.42.

Gold and copper kept to a tight range on Wednesday as anticipation of a large interest rate hike by the Federal Reserve boosted the dollar and weighed on metal markets.

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	0.9760
GBP/USD	1.1250	1.1725
USD/AED	3.6530	3.6944
USD/JPY	142.10	145.95

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.