



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST OCTOBER 2022

DOMESTIC NEWS

Kenya Shilling held steady on Wednesday, but traders said it would weaken due to increased demand for dollars from the energy and manufacturing sectors coupled with low inflows. Commercial banks quoted the shilling at 121.05/25 per dollar same as Tuesday close.

In other news, The Central Bank of Kenya (CBK) relented to investor rate demands in the second auction of the October Treasury bond sale, accepting bids at an average above 14 percent as the government continues to face borrowing difficulties in the local market.

The CBK, which is the government's fiscal agent, said sale of the 25-year bond that targeted Sh20 billion raised bids worth Sh14.9 billion, out of which it took up Sh13.7 billion at an average rate of 14.19 percent.

The monetary regulator has been holding out against breaching the 14 percent level in average coupon or interest rate in recent bond sales, leading to a significant volume of rejected bids at auctions. (Business daily)

Indicative Forex Rates

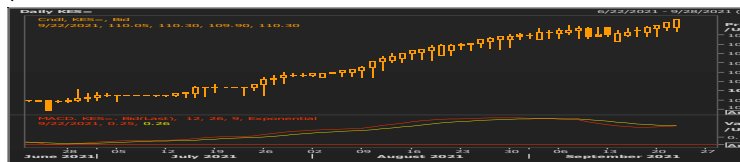
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	117.70	128.20	119.20	127.30
GBP/KES	129.63	143.63	128.33	144.03
EUR/KES	113.96	129.36	113.76	131.26
AED/KES	28.97	38.97	30.97	38.47

Money Rates	Market	Current	Previous	Change
Interbank Rate		5.180%	5.160%	0.020
91-Day T-bill		9.100%	9.058%	0.042
182-Day T-Bill		9.664%	9.656%	0.008
364-Day T-Bill		9.928%	9.910%	0.018
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	4.73743	0.04206	4.24470
12 months	5.33943	-	-

(Source: Reuters)



INTERNATIONAL NEWS

The dollar surpassed the symbolic level of 150 yen for the first time since 1990 on Thursday, while the British pound turned negative in choppy trading after Liz Truss said she would resign as the United Kingdom's prime minister.

The Japanese currency dipped sharply from an interim high of 150.09 reached in overnight trading, tumbling to 149.63 within a minute, which raised speculation that the Ministry of Finance and Bank of Japan might be making stealth interventions at key levels.

The yen rebounded to hit new 32-year highs in afternoon trading in New York, however, getting as high as 150.25. It last traded at 150.18.

In the commodities market, Oil prices were near flat on Friday, as optimism about a possible rise in energy demand in China faded and the market weighed concerns about steep inflation.

Brent crude futures lost 12 cents to trade at \$92.26 a barrel by 0219 GMT. U.S. West Texas Intermediate futures fell 4 cents to \$84.47 a barrel.

Brent was on track for a weekly gain of 0.7%, while WTI was expected to fall 1.3% following a rollover in front-month contracts.

Gold prices fell on Friday and were set to end the week lower as a spike in U.S. Treasury yields rattled markets, while copper prices trimmed some of their losses for the week after major commodity trader Trafigura warned of a severe shortage of the red metal.

10-Year U.S. Treasury yields jumped 2.2% overnight and were at their highest level since the 2008 financial crisis as expectations grew that the Fed will hike rates sharply in November. This also kept the dollar underpinned, although the greenback was set for a mild weekly loss.

Spot gold fell 0.1% to \$1,626.52 an ounce, while gold futures retreated 0.4% to \$1,630.90 an ounce. Both instruments are down about 1% this week, their second consecutive week of losses.

In the commodities market, Indicative Profit Rates on Deposits

	Amounts > 10 million	
	KES	USD
2 Weeks	6.00%	1.00%
1 Month	6.55%	1.75%
3 Months	7.00%	2.25%
6 Months	7.50%	3.00%
1 year	8.00%	3.75%

Indicative Cross Rates

	Bid	Offer
EUR/USD	0.9630	1.0025
GBP/USD	1.0925	1.1345
USD/AED	3.6630	3.6832
USD/JPY	148.55	152.55

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.