



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

## TREASURY MARKET UPDATE 22<sup>ND</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 119.65/119.85 as compared to Thursday's close of 119.60/80.

Meanwhile, Remittance inflows in July 2022 totalled USD 319.4 million compared to USD 336.7 million in July 2021, a decline of 5.1 percent. The cumulative inflows for the 12 months to July 2022 totalled USD 3,995 million compared to USD 3,442 million in the same period in 2021, an increase of 16.1 percent. The strong remittances inflows continue to support the current account and the stability of the exchange rate. The US remains the largest source of remittances into Kenya, accounting for 58 percent in July 2022.

Separately, Kenya has spent Sh71.17 billion to subsidize diesel, super and kerosene in the six months to June, highlighting the burden of the fuel stabilization scheme on the national budget. Consumption data from Energy and Petroleum Regulatory Authority (Epra) shows Kenya has spent an average of Sh11.86 billion monthly to keep fuel prices low for six months to June.

### Indicative Forex Rates

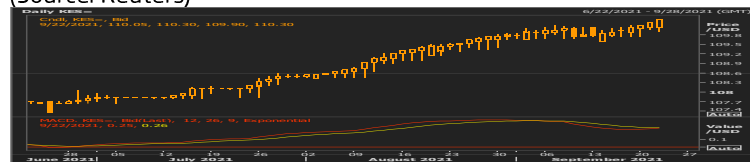
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	116.35	127.35	115.85	126.35
GBP/KES	137.83	157.33	137.03	151.83
EUR/KES	115.41	141.31	115.74	134.31
AED/KES	28.63	38.63	30.63	38.13

Money Market Rates	Current	Previous	Change
Interbank Rate	5.257%	5.527%	-0.270
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	2.78144	-0.45828	2.20260
6 months	3.13427	-0.51851	2.70960

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index hit a fresh five-week high versus major peers on Monday at 108.26 after more Federal Reserve officials flagged the likelihood of continued aggressive monetary tightening ahead of the central bank's key Jackson Hole symposium this week on Friday. U.S. benchmark interest rates are currently between 2.25% and 2.50%, after a series of sharp hikes by the Fed this year. Expectations for the Federal Reserve's next interest rate hike are almost evenly split between a 50 and 75 basis point raise in the wake of mixed economic signals from the United States. While data earlier this month showed U.S. inflationary pressures eased slightly in August, several Fed members suggested that the bank would likely keep hiking rates at a sharp pace to bring inflation down further.

The GBP/USD pair dipped to \$1.18325 on Monday, inflation rate is accelerating in the UK zone dramatically. Vulnerable employment data impacted the economy. However, a decent improvement in the labor cost data has resulted in a sigh of relief for the Bank of England (BOE).

The euro sank to a new five-week trough settling at \$1.0025 after Russia announced a three-day halt to European gas supplies via the Nord Stream 1 pipeline at the end of this month, exacerbating the region's energy crisis.

Elsewhere, global oil prices slumped on Monday to \$95.52 per barrel, ending three days of gains, as investors were concerned aggressive U.S. interest rate hikes will weaken the global economy and dent fuel demand while a strengthening dollar also added to pressure.

### 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	0.9950	1.1240
GBP/USD	1.1660	1.2570
USD/AED	3.6640	3.6880
USD/JPY	129.40	139.90

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.