



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 24TH JANUARY 2022

DOMESTIC NEWS

The domestic unit had a poor run against its American counterpart on Friday, closing weaker from its previous close. Demand particularly from the oil and energy sector, filled the market to pick up the elusive dollar. The trifling foreign currency inflows witnessed from various sectors of the economy, did little to save the local unit from losses. That said, the price action continues to be mainly flow driven with fundamentals taking a back seat in the interim. By close of day, the local unit stood at 113.45/113.65 as compared to Thursday's close of 113.40/113.60.

In the meantime, The Central Bank of Kenya (CBK) received bids worth KSh 38.4 Billion during the Treasury Bonds Auction of January 19th 2022 and accepted KSh 34.9 Billion. Accepted amounts were made up of KSh 26.5 billion in competitive bids and non-competitive bids worth KSh 8.4 billion. The 10-year-old re-opened Treasury Bonds received bids worth KSh 10.4 billion with the CBK accepting KSh 7.3 billion, a performance rate of 34.78%. The 20-year re-Opened Treasury Bonds received bids worth KSh 27.9 billion and the CBK accepted KSh 27.6 billion, a performance rate of 93.26%. The two re-opened ten and twenty-year Treasury bonds issued received bids totaling KSh 38.4 billion against an advertised amount of KSh 30.0 billion, representing a performance of 128%. Separately, The next meeting of the Monetary Policy Committee (MPC) will be held on Wednesday, January 26, 2022.

Indicative Forex Rates

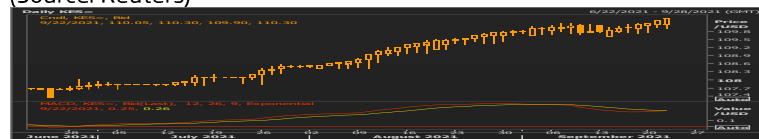
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	110.10	117.10	111.60	116.60
GBP/KES	150.00	158.00	149.70	158.40
EUR/KES	124.31	132.21	125.11	132.61
AED/KES	29.43	32.43	28.93	32.93

Money Market Rates	Current	Previous	Change
Interbank Rate	4.519%	4.299%	0.220
91-Day T-bill	7.331%	7.309%	0.022
182-Day T-Bill	8.069%	8.081%	-0.012
364-Day T-Bill	9.510%	9.474%	0.036
Inflation	5.730%	5.800%	-0.070
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya

LIBOR Rates	USD	EUR
6 Months	0.44443	-0.55600
12 months	0.79857	-0.48571

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index declined on Friday to 95.650, along with U.S. Treasury yields, while investors looked ahead to the coming week's Federal Reserve meeting for more clarity on the outlook for rate hikes. Expectations that the Fed will tighten monetary policy at a faster pace than previously anticipated had driven a rise in yields and the dollar earlier in the week. The Fed will hand down its policy decision on Wednesday, with some investors starting to speculate that it is possible, although unlikely, that the central bank will hike interest rates for the first time since the pandemic began.

The GBP/USD broke out to fresh weekly lows on Friday settling at \$1.3550 on the back of UK PM Boris Johnson being in a political grind amid investigations over holding a party during the peak covid lockdowns in Britain. On a different page, the US State Department and UK Deputy Prime Minister Dominic Raab both flashed warnings over Russia's preparations for invading Ukraine, which in turn magnified geopolitical fears.

The euro extended its downbeat performance on Friday to \$1.3300 over ECB President Christine Lagarde comments that geopolitics and weather factors are driving energy prices higher, but that the ECB is not seeing wages being bid up. Lagarde added that demand in Europe is not excessive and, as a result, Europe is unlikely to face the same inflation as the US.

Elsewhere, global oil prices rose on Monday to \$88.70 per barrel on worries about supply disruption amid rising tensions in Eastern Europe and the Middle East, which could make an already tight market even tighter, while OPEC and its allies continued to struggle to raise output.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	KES	USD
2 Weeks	6.25%	0.25%		
1 Month	6.50%	0.50%		
3 Months	7.20%	0.75%		
6 Months	7.75%	1.00%		
1 year	8.00%	1.25%		

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1210	1.1430
GBP/USD	1.3340	1.3680
USD/AED	3.6645	3.6890
USD/JPY	111.10	116.90

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.