



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 24TH OCTOBER 2022

DOMESTIC NEWS

The shilling waffled to the weaker side on Friday as demand for the greenback dominated the market. The narrative of a higher dollar demand side persisted in the local FX market as players held on to paltry inflows, leaving the local currency somewhat weaker by close of business. By close of day, the local unit stood at 121.10/121.30 as compared to Wednesday's close of 121.05/120.25.

The continued weakening of the local unit is expected to push up the cost of living, hurting households already reeling from high fuel and food prices. A weak shilling puts an extra strain on the economy, given Kenya is an import-driven economy. Kenya imports various goods, including cars, petroleum products, machinery, medicine and pharmaceuticals products, vegetable oil, wheat, clothing and shoes. The cost of servicing Kenya's public debt, which stood at Sh8.579 trillion at the end of June, is also set to rise, with a weakened shilling piling pressure on the public purse.

Meanwhile, Liquidity in the money market decreased during the week ending October 21, as tax remittances more than offset government payments. Commercial banks' excess reserves stood at KSh 31.3 billion in relation to the 4.25 percent cash reserves requirement (CRR).

On another note, the usable foreign exchange reserves remained adequate at USD 7,316 million (4.13 months of import cover) as at October 19. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover.

Indicative Forex Rates

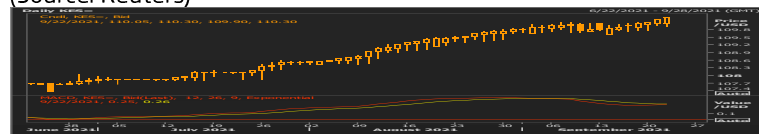
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	117.70	128.20	117.20	127.70
GBP/KES	133.50	153.00	132.70	147.50
EUR/KES	114.41	140.31	114.71	133.31
AED/KES	29.00	39.00	31.00	38.50

Money Market Rates	Current	Previous	Change
Interbank Rate	5.183%	5.179%	0.004
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	8.250%	7.500%	0.750

Source; Central Bank of Kenya)

TENOR	USD SOFR RATES	EUR STR RATES	GBP SONIA RATES
3 Months	2.48384	0.18112	3.2535
6 months	1.75320	-0.19876	3.8965

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index begins the week on firmer footing at 112.00 during Monday's session. The Fed policymakers' two-week silence ahead of November's Federal Open Market Committee (FOMC) meeting may restrict the dollar's immediate moves. However, the preliminary readings for the US PMIs for October and the first readings of the US Gross Domestic Product for the third quarter, up for publishing on Monday and Thursday, respectively, could entertain the pair traders.

The GBP/USD pair prints mild gains around a one-week high while posting a three-day uptrend during Monday's Asian session. That said, the Cable pair recently eased to 1.1330, following the early day jump to 1.1410. The quote's previous run-up could be linked to the optimism in the UK amid the higher odds of Rishi Sunak's likely victory in the race for British Prime Minister. "Rishi Sunak looked set to become Britain's next prime minister after Boris Johnson withdrew from the contest on Sunday.

The euro pair has recovered sharply to near the critical hurdle of 0.9900 in the Monday session, euro investors have shifted their focus toward the announcement of the interest rate decision by the European Central Bank (ECB). As mounting price growth is hurting the economic prospects of the Eurozone, ECB President Christine Lagarde will opt for a more significant rate hike this time.

Elsewhere, global oil prices fell on Monday to \$93.10 after China released much-delayed trade data which showed that demand in the world's largest crude importer remained lacklustre in September as strict COVID-19 policy and fuel export curbs depress consumption.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES		USD	
2 Weeks	6.55%		1.00%	
1 Month	6.75%		1.75%	
3 Months	7.00%		2.25%	
6 Months	7.50%		3.00%	
1 year	8.00%		3.50%	

Indicative Cross Rates

	Bid	Offer
EUR/USD	0.9950	1.1260
GBP/USD	1.1510	1.1850
USD/AED	3.6650	3.6885
USD/JPY	129.50	139.80

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.