



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH AUGUST 2022

DOMESTIC NEWS

The Kenya shillings weakened to a new record low on Wednesday due to increased dollar demand from oil marketing companies and general goods importers as the month draws to an end.

Commercial banks quoted the shillings at 119.85/120.05 against the dollar compared Tuesday close of 119.75/95.

In other local news in the industry, Bank loan defaults have crossed the half a trillion-shilling mark for the first time, setting up thousands of borrowers for property seizures in an economy hit with reduced cash flows and inflation that has squeezed household budgets and demand for goods.

The latest Central Bank of Kenya (CBK) data shows that defaulted loans rose by Sh30.6 billion in June to Sh514.4 billion -- the sharpest monthly increase in recent history.

The mounting defaults reflect the struggles of workers and businesses in an economy that is yet to fully recover from a coronavirus-induced slump, which triggered job cuts and business closures.

Indicative Forex Rates

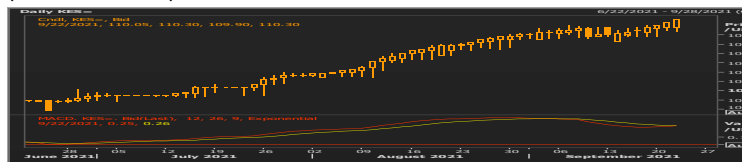
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	116.45	126.95	115.95	126.45
GBP/KES	137.89	157.39	137.09	151.89
EUR/KES	114.95	140.85	115.25	133.85
AED/KES	28.66	38.66	30.66	38.16

Money Market Rates	Current	Previous	Change
Interbank Rate	5.020%	5.090%	0.070
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	8.320%	7.910%	0.410
CBR RATE	7.500%	7.500%	0.000

Source: Central Bank of Kenya

LIBOR Rates	USD	JPY	GBP
6 Months	3.56557	0.04351	3.07160
12 months	4.09114	-	-

(Source: Reuters)



INTERNATIONAL NEWS

The dollar gained against a basket of currencies on Wednesday, holding near a 20-year high as investors waited for a Friday speech by the Federal Reserve chairman for fresh clues on how aggressive the central bank will be in its battle against inflation.

Investors have pared back expectations that the Fed could tilt to a slower pace of rate hikes as inflation remains at 8.5% on an annual basis, well above the Fed's 2% target.

Jerome Powell's speech in Jackson Hole will be scrutinized for any indication that an economic slowdown might alter the Fed's strategy.

The dollar index was last up 0.13% at 108.67, holding just below a 20-year high of 109.29 reached on July 14.

The greenback could give back some gains on Friday if Powell expresses any concerns about the impact of the monetary tightening.

The euro was down on the other hand 0.06% against the U.S. dollar at \$0.9961, after hitting a 20-year low of \$0.99005 on Tuesday.

The single currency has been hurt by growth concerns as the region faces an energy crisis.

Oil prices rose on Thursday on mounting supply tightness concerns amid disruptions to Russian exports, the potential for major producers to cut output, and the partial shutdown of a U.S. refinery. Brent crude rose 59 cents, or 0.6%, to \$101.81 a barrel by 0400 GMT, while U.S. West Texas Intermediate crude was up 42 cents, or 0.4%, at \$95.31 a barrel.

Gold prices moved little on Thursday but held on to recent gains as traders awaited more cues on U.S. monetary policy, while copper prices appeared unimpressed by China's latest stimulus package. Spot gold was little changed around \$1,752 an ounce, while gold futures rose 0.2% to \$1,765.0 an ounce by 20:31 ET (00:31 GMT).

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	0.9845	1.0125
GBP/USD	1.1638	1.1923
USD/AED	3.6529	3.6933
USD/JPY	134.71	137.60

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.