



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 26TH APRIL 2022

DOMESTIC NEWS

The shilling was the under-achiever in Monday's trading against the U.S dollar, as tenacious greenback appetite from various sectors of the economy hampered the local unit's quest for dominance. In the new day, markets remain focused on flows to determine direction for the USD/KES pair, with players inclined to a narrative of a weaker shilling amid limited foreign currency inflows. By close of day, the local unit stood at 115.60/115.80 as compared to Friday's close of 115.55/115.75.

Meanwhile, Kenyans living abroad sent home \$363.6 million (Sh42 billion) in March, setting a new monthly record for the diaspora remittances. This represents a 25 per cent growth in diaspora remittances from \$290.8 million (Sh33.6 billion) received in the same month last year, according to the latest data from the Central Bank of Kenya (CBK). The dollar flows from Kenyans living and working abroad grew 23.5 per cent to \$1.024 billion (Sh118.4 billion) in the first quarter of 2022. The US remains the largest source of diaspora remittances to Kenya, accounting for 58 per cent in the period. The cumulative inflows for the 12 months to March 2022 totalled USD 3,912 million compared to USD 3,216 million in the same period in 2021, an increase of 21.6 per cent. Remittances not only represent an important source of forex but also support many livelihoods. According to analysis education, healthcare, and household needs are the main uses of remittances in Kenya, sectors that tend to have a multiplier effect on development.

Indicative Forex Rates

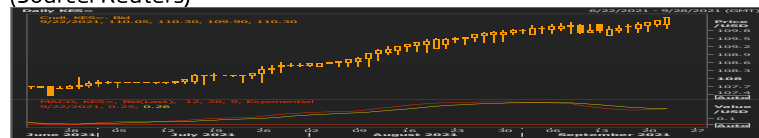
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	112.20	119.20	113.70	118.70
GBP/KES	143.67	151.67	143.37	152.07
EUR/KES	119.72	127.62	120.52	128.02
AED/KES	30.00	33.00	29.50	33.50

Money Market Rates	Current	Previous	Change
Interbank Rate	4.742%	4.663%	0.079
91-Day T-bill	7.448%	7.424%	0.025
182-Day T-Bill	8.373%	8.315%	0.058
364-Day T-Bill	9.755%	9.745%	0.010
Inflation	5.560%	5.080%	0.480
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

SOFR, SONIA AND EONIA Rates	USD	EUR	GBP
3 Months	1.21371	-0.47000	1.24450
6 months	1.82371	-0.39200	0.72530

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index held near a two-year peak on Tuesday at 101.880 as concerns about the economic impact of China's COVID-19 lockdowns held up the greenback's safe-haven appeal and aggressive U.S. interest rate hike expectations kept bond yields elevated. Hawkish comments by various central bank policymakers last week also raised the prospect of aggressive interest rate hikes. The most significant of these came from the U.S. Federal Reserve, which markets expect to raise rates by a half point at each of its next two meetings. These concerns not only drove investors to the greenback but also caused equity markets to sell off heavily and U.S. Treasury yields to fall.

The GBP/USD pair reclaimed on Tuesday to \$1.2720, after plummeting below the \$1.2700 mark on the back off a dampened market mood and odds that the US central bank would hike rates aggressively throughout the year. Separately, it is worth noting that comments from a Bank of England official prepared the case for a 50-bps rate hike in May.

The euro was at \$1.0727 on Tuesday hedging off a two-year low of \$1.0697 hit on Monday, when market nerves offset optimism from the re-election of French President Emmanuel Macron. This implies policy continuity, and the EUR may see some modest and short-term upside on the largely expected result.

Elsewhere, global oil prices were up on Tuesday morning at \$103.40 in Asia opening higher after falling sharply during the prior session. Fuel demand concerns are on the cards as more COVID-19 lockdowns could be possible in China. Oil prices are going through a rough time these trading sessions over supply worries due to the prohibition of Russian oil by the Western leaders which has complicated the situation.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	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	1.0570	1.1170
GBP/USD	1.2510	1.3160
USD/AED	3.6645	3.6890
USD/JPY	125.10	129.90

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.