



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 26TH AUGUST 2022

DOMESTIC NEWS

The Kenya shillings was slightly weaker on Thursday extending a long running slide on month end. Commercial banks quoted the shillings at 119.80/120.00 against the dollar compared Wednesday's close of 119.75/95. The shilling is down around 5.6% against the dollar in 2022 having set repeated record lows.

In other local news The Central Bank of Kenya (CBK) has reopened two long-term bonds seeking to raise Sh50 billion from fixed-income investors.

The government's fiscal agent is offering a 15-year security, which was first sold in April at an average interest rate of 13.94 percent.

A 10-year paper, which was auctioned in May at an average interest rate of 13.49 percent, is also on offer.

The securities are on sale until September 13 when the period of the auction closes. Re-opening of the bonds comes at a time when fixed-income investors have been demanding higher rates in response to rising inflation, forcing the CBK to reject some of the most aggressive bids.

Indicative Forex Rates

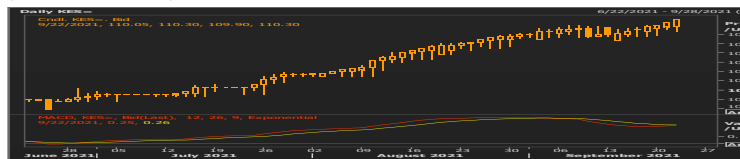
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	116.50	127.00	116.00	126.50
GBP/KES	137.66	157.16	136.86	151.66
EUR/KES	114.64	140.54	114.94	133.54
AED/KES	28.67	38.67	30.67	38.17

Money Market Rates	Current	Previous	Change
Interbank Rate	5.040%	5.020%	0.020
91-Day T-bill	8.767%	8.669%	0.098
182-Day T-Bill	9.532%	9.492%	0.040
364-Day T-Bill	9.910%	9.909%	0.001
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	3.49343	0.05307	3.12670
12 months	4.07914	-	-

(Source: Reuters)



INTERNATIONAL NEWS

The dollar index slipped while the euro was steady on Thursday in choppy trading as investors awaited Federal Reserve Chairman Jerome Powell's speech on Friday for further clues about the pace of the U.S. central bank's rate hikes.

Investors are tossing up between the likelihood of a 50 or 75 basis point rate increase in September as the Fed battles inflation while facing some softer U.S. economic data.

The dollar index fell 0.14% to 108.46. It is holding just below a 20-year high of 109.29 reached in on July 14.

The currency edged higher after data on Thursday showed the U.S. economy contracted at a more moderate pace than initially thought in the second quarter.

On the other hand, the euro was unchanged against the greenback on the day at \$0.9968. The single currency briefly rose back above parity overnight, before retracing after the release of a closely watched index showing business morale in Germany in August had fallen to its lowest since June 2020.

In the commodities market, Oil prices rose as much as \$1 on Friday on signs of improving fuel demand, although further gains were capped as the market awaited clues from the U.S. Federal Reserve chairman on the outlook for rate hikes in a speech later in the day. Brent crude futures climbed 87 cents, or 0.9%, to \$100.21 a barrel by 0410 GMT. U.S. West Texas Intermediate (WTI) crude futures also rose 88 cents, or 0.9%, to \$93.40 a barrel. Both contracts jumped in early trade by as much as \$1 after slumping about \$2 on Thursday.

Gold prices fell on Friday as traders awaited more cues on U.S. monetary policy from the Jackson Hole Symposium but were set to end the week higher as the dollar retreated from 20-year peaks.

Spot gold prices dropped 0.3% to \$1,754.43 an ounce, while gold futures fell 0.2% to \$1,767.70 an ounce by 21:06 ET (01:06 GMT), snapping three straight days of gains.

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.