



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 27<sup>TH</sup> OCTOBER 2022

### DOMESTIC NEWS

The shilling waffled to the weaker side on Thursday 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. That said, players continue to keep an eye on any new developments with the Kenyan elections as flows continue to guide the direction for the USDKES pair. By close of day, the local unit stood at 121.25/121.45 as compared to Wednesday's close of 121.20/121.40.

The country's economic growth prospects to the end of this year have been projected to a slow of 5.3 per cent by the International Monetary Fund (IMF). In its latest Regional Economic Outlook dubbed, 'living on the edge', the lender attributes the slower growth to downturns in advanced economies and emerging markets. It also says tighter financial conditions and volatile commodity prices are a pain to growth. IMF projects further a slowdown in Kenya's economic growth of 5.1 per cent in 2023 amid the tightening economy. This reflects the mounting prices for essential food and energy items, which comprise about 50 per cent of the region's consumption basket.

#### Indicative Forex Rates

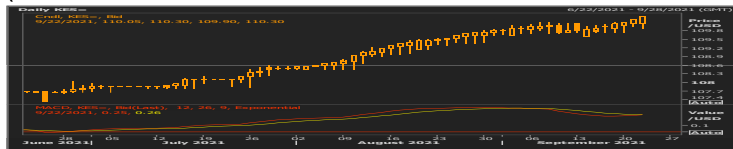
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	117.80	128.30	117.30	127.80
GBP/KES	136.96	156.46	136.16	150.96
EUR/KES	117.30	143.20	117.60	136.20
AED/KES	29.02	39.02	31.02	38.52

Money Market Rates	Current	Previous	Change
Interbank Rate	4.907%	4.964%	-0.057
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)

LIBOR Rates	USD	GBP	EUR
3 Months	4.35800	3.38170	0.26198
6 months	4.91557	4.14450	-0.15813

(Source: Reuters)



### INTERNATIONAL NEWS

The U.S. dollar stood at 109.54 close to a more than one-month low against a basket of currencies on Thursday, amid growing hopes that the U.S. Federal Reserve will shift to less aggressive interest rate hikes to temper recession risks. Looking ahead to next week's FOMC meeting, markets are still expecting another 75-basis point hike, although sentiment is building that the Fed will opt for a smaller increase in December.

The GBP/USD pair is marching toward the round-level resistance of 1.1700 on Thursday and is eyeing more upside led by upbeat market sentiment and optimism infused by novel UK leadership. Amid the new excitement in the UK leadership, mixed expectations from the upcoming UK medium-term fiscal plan, which the Chancellor pushed back to November 17. On another note, the new Prime Minister Rishi Sunak is reconsidering tax rises and major public spending cuts after a dramatic improvement in the state of the nation's finances.

The euro has extended its lackluster performance to 1.005 levels as investors are awaiting the announcement of the interest rate decision by the European Central Bank (ECB). Apart from the ECB's monetary policy, expectations of a price cap on energy prices are trending in the Eurozone. A 75-bps hike looks like a done deal, but the ECB has a lot on its plate at its October meeting.

Oil prices rose on Thursday to \$95.89 per barrel, extending a more than 3% rally in the previous session, boosted by record U.S. crude exports and a weaker U.S. dollar, though gains were capped in Asia due to lingering fears over slack demand in China. Global investors dumped Chinese assets early this week on fears that ideology may increasingly trump growth under China's most powerful leader since Mao Zedong.

	Amounts > 10 million	
	KES	USD
2 Weeks	6.00%	1.00%
1 Month	6.55%	1.75%
3 Months	7.00%	2.25%
6 Months	7.50%	3.00%
1 year	8.00%	3.75%

#### Indicative Cross Rates

	Bid	Offer
EUR/USD	0.9699	1.0109
GBP/USD	1.1095	1.1490
USD/AED	3.6630	3.6832
USD/JPY	143.10	150.75

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.