



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH JANUARY 2022

DOMESTIC NEWS

The home unit succumbed to further losses versus the greenback in Thursday's active session. Augmented dollar demand from energy and manufacturing sectors dominated counters through the day amidst dwindling inflows, leaving the USDKES pair's price action skewed to the upside in what was a one way move. Looking ahead, it remains to be seen whether the depreciation of the home unit will continue, and new trading ranges set. The direction of the USDKES pair remains at the mercy of the larger market sentiment. By close of day, the local unit stood at 113.55/113.75 as compared to Wednesday's close of 113.50/113.70.

In the meantime, The International Monetary Fund (IMF) has upgraded economic outlook for Sub Saharan Africa to four per cent from 3.8 per cent projected in October. The lender, however, expects the growth to shrink marginally to 3.7 per cent this year before stabilizing to four per cent in 2023. It expects inflation to remain well anchored and the pandemic eases its grip, higher inflation should fade as supply chain disruptions ease, monetary policy tightens, and demand rebalances away from goods-intensive consumption towards services. Even so, the report says these vary by country depending on susceptibility of the population, the severity of mobility restrictions, the expected impact of infections on labor supply, and the importance of contact-intensive sectors. It adds that the negative impact is expected to fade starting in the second quarter, assuming that the global surge in Omicron infections abates and the virus does not mutate into new variants that require further mobility restrictions.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	110.15	117.15	111.65	116.65
GBP/KES	148.36	156.36	148.06	156.76
EUR/KES	122.33	130.23	123.13	130.63
AED/KES	29.44	32.44	28.94	32.94

Money Market Rates	Current	Previous	Change
Interbank Rate	4.827%	4.654%	0.173
91-Day T-bill	7.343%	7.331%	0.012
182-Day T-Bill	8.112%	8.069%	0.043
364-Day T-Bill	9.544%	9.510%	0.034
Inflation	5.730%	5.800%	-0.070
CBR RATE	7.000%	7.000%	0.000

Source: Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
3 Months	0.26757	-0.58057	0.57760
6 months	0.45029	-0.55600	0.91360

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index strengthened to 97.127 on Thursday after U.S. Federal Reserve chair Jerome Powell hinted at imminent interest hikes. The U.S. Federal Reserve took a hawkish stance as it handed down its policy decision on Wednesday, driving bets on five or more interest rate hikes in 2022. Some investors even expect up to six hikes. The ripple effect from the Fed's hawkish turn in its latest policy decision, handed down on Wednesday, continues. With expectations of interest rate hikes sky-high, markets are now pricing in five to six hikes from the Fed in 2022.

The GBP/USD pair pierced the \$1.3400 threshold on Thursday. A delay in the Sue Gray report also seems to underpin the GBP/USD buyers amid hopes that UK PM Boris Johnson will easily overcome the political challenges. However, his Tory friends keep piling more issues to brace for leadership change, the latest one was the No10 u-turn on National Insurance Hike.

The euro hovered around \$1.1150 on Thursday as it hit its lowest levels since June 2020. It should be noted that the mixed concerns over the fears of Russia's invasion of Ukraine and associated risks to the bloc also probe the EUR/USD traders.

Elsewhere, global oil prices rose on Friday, to \$89.79 per barrel amid concerns of tight supplies as major producers continue their policy of limited output increases amid rising fuel demand. This year, prices have gained about 15% amid geopolitical tensions between Russia, the world's second-largest oil producer and a key natural gas provider to Europe, and the West over Ukraine as well as threats to the United Arab Emirates from Yemen's Houthi movement that have raised concerns about energy supply. The market is focusing on a Feb. 2 meeting of the Organization of the Petroleum Exporting Countries (OPEC).

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	USD	USD
2 Weeks	6.55%		0.25%	
1 Month	6.75%		0.50%	
3 Months	7.00%		0.75%	
6 Months	7.50%		1.00%	
1 year	8.00%		1.25%	

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1110	1.1330
GBP/USD	1.3320	1.3670
USD/AED	3.6645	3.6890
USD/JPY	111.10	116.90

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.