



DIB Bank Kenya
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TREASURY MARKET UPDATE 28TH JULY 2022

DOMESTIC NEWS

Kenya shilling was little changed on Wednesday and traders said they expected it to weaken due to increased dollar demand from various sectors especially oil importers. Commercial banks quoted the shillings at 118.70/90 per dollar compared with Tuesday's close of 118.65/85.

In other local news, the Central Bank of Kenya (CBK) expects inflation to ease in the short term on State subsidies on flour and fuel, electing to hold the base lending rate at 7.5 percent in Wednesday's Monetary Policy Committee (MPC) meeting.

The CBK had been tipped to implement further tightening of its monetary policy by the likes of the International Monetary Fund (IMF) in order to tame further price pressures, which saw inflation breach its upper preferred limit of 7.5 percent after rising to a 58-month high of 7.9 percent in June.

The apex bank, however, opted to soften its outlook on inflation, noting that high global prices of oil, wheat, and edible oils are now easing and that the 0.5 percentage point rate increase announced in the May meeting is still transmitting through the economy and has been complemented by the government's package of fiscal measures to moderate the prices of specific items.

Indicative Forex Rates

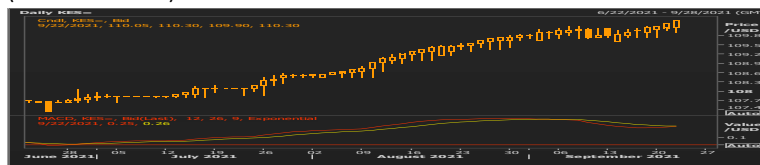
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	115.40	126.40	115.90	126.60
GBP/KES	140.57	160.07	139.77	154.57
EUR/KES	116.44	142.34	116.74	135.34
AED/KES	28.66	44.37	30.37	37.87

Money Rates	Market	Current	Previous	Change
Interbank Rate		5.390%	5.340%	0.050
91-Day T-bill		8.322%	8.248%	0.074
182-Day T-Bill		9.393%	9.305%	0.088
364-Day T-Bill		9.968%	9.986%	0.018
Inflation		7.910%	7.080%	0.830
CBR RATE		7.500%	7.500%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	JPY	GBP
6 Months	3.34643	0.04330	2.48080
12 months	3.80700	-	-

(Source: Reuters)



INTERNATIONAL NEWS

The dollar fell on Wednesday against a basket of major currencies after the U.S. Federal Reserve raised interest rates by 75 basis points, as was widely anticipated, and comments from Fed Chair Jerome Powell spurred hopes for a slower hiking path.

The central bank raised rates by three-quarters of a percentage point for the second straight meeting as it attempts to rein in inflation, but noted that while the labor market remains strong, other economic indicators have softened.

Expectations for a 50-basis point hike at the Fed's September meeting grew to 60.9%, according to CME's Fedwatch Tool, up from 50.7% on Tuesday, while projections for a 75-basis point hike fell to 35.2% from 41.2%.

The dollar index fell 0.756% to 106.310, with the euro up 0.97% to \$1.0212. The greenback was on pace for its biggest one-day percentage drop since July 19. Oil was up on Thursday morning in Asia, supported by lower crude inventories and a rebound in gasoline demand in the U.S.

Brent oil futures rose 0.90% to \$102.58 by 12:41 AM ET (4:42 AM GMT) and crude oil WTI futures jumped 1.04% to \$98.27. According to analysts at CMC markets, risk sentiment has recovered from recession fears due to the ongoing U.S. earnings optimism and a less aggressive Fed's rhetoric on rate hikes, which supported a rally in the crude market.

Gold on the other hand was up on Thursday morning in Asia as comments from the U.S. Federal Reserve Chair Jerome Powell on future interest rate hikes sounded less hawkish than expected. Gold futures were up 0.93% to \$1,739.40 by 12:01 AM ET (4:01 AM GMT). The dollar, which normally moves inversely to gold, edged down on Thursday morning.

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	1.0019	1.0425
GBP/USD	1.1079	1.2429
USD/AED	3.6528	3.6931
USD/JPY	134.50	138.30

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.