



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH JUNE 2022

DOMESTIC NEWS

The shilling waffled to the weaker side on Monday 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. 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 117.75/117.95 as compared to Friday's close of 117.65/117.85.

Meanwhile, Central Bank of Kenya (CBK), the state's fiscal agent, collected KSh 19.596 billion at the June Treasury Bonds Tap Sale out of KSh 25 billion on offer against bids worth KSh 15.976 billion received, a performance rate of 78.4%. The re-opened 3-year Treasury Bonds received bids worth KSh 3.621 billion, with the state fiscal agent accepting bids worth KSh 3.619 billion. In comparison, the 15-year Treasury Bonds attracted bids amounting to KSh 15.985 billion, while KSh 15.976 billion was accepted. The state fiscal agent offered a coupon rate of 11.766% for the three-year Treasury Bonds and 13.942% for the 15-year Treasury Bonds. This is the last treasury bonds tap sale for the 2021/22 financial year, which ends on 30th June 2022 as Government enters a new fiscal year.

Indicative Forex Rates

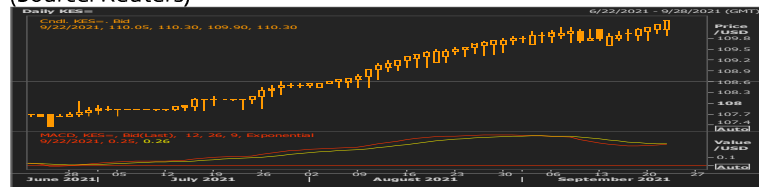
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	114.30	126.30	113.80	125.80
GBP/KES	140.54	155.04	139.74	154.54
EUR/KES	120.19	140.09	119.99	138.59
AED/KES	30.57	36.57	30.07	37.57

Money Market Rates	Current	Previous	Change
Interbank Rate	5.182%	5.227%	-0.045
91-Day T-bill	8.013%	7.925%	0.088
182-Day T-Bill	9.163%	9.096%	0.067
364-Day T-Bill	9.974%	9.961%	0.013
Inflation	7.100%	6.500%	0.600
CBR RATE	7.500%	7.000%	0.500

Source: Central Bank of Kenya

TENOR	USD SOFR RATES	EUR STR RATES	GBP SONIA RATES
3 Months	2.02963	-0.58319	1.52570
6 months	2.55329	-0.57994	1.98010

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index was up on Tuesday morning at 103.96 despite worries about economic recession. Investors are keeping an eye on signs of weakness in recent economic data, which would possibly moderate interest rate hikes.

The GBP/USD pair grind higher around the intraday top near \$1.2285, following a sluggish start to the week, as buyers cheer the US dollar weakness during Tuesday's session. The Brexit move appears a political play to defend UK Prime Minister (PM) Boris Johnson's position after criticism of the party gate scandal, as well as the Conservatives' defeat in the recently held two parliamentary by-elections.

The euro held onto its recent gains on Tuesday at \$1.0574 ahead of European inflation figures this week that are expected to run hot and a speech from central bank chief Christine Lagarde, while a rally in oil prices boosted commodity currencies. German inflation figures are due on Wednesday, French data on Thursday and euro zone numbers on Friday. European Central Bank President Lagarde is also due to speak at the ECB forum in Sintra, Portugal.

Elsewhere, global oil prices were up on Tuesday morning at \$112.32 amid tight supplies. But leaders of the Group of Seven (G7) nations vowed to add pressure on Russia while lowering energy prices. The (G7) has vowed to stand with Ukraine "for as long as it takes." A proposal to cap the price of Russian oil is one of the new sanctions on Moscow's finances. Libya might also halt exports in the Gulf of Sirte area within 72 hours amid unrest that has restricted production. Adding to supply woes, Ecuador might suspend oil production completely within 48 hours amid anti-government protests that have seen at least six people die.

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	1.0460	1.0670
GBP/USD	1.2030	1.2480
USD/AED	3.6645	3.6890
USD/JPY	130.80	137.50

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.