



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH OCTOBER 2022

DOMESTIC NEWS

Kenya Shilling further weakened against the dollar on Thursday weighed down by dollar demand from fuel importers. The market will however be watching for any policy changes from the country's new cabinet. Commercial banks quoted the shilling at 121.20/40 per dollar versus 121.10/30 close in the previous day.

In other news, The Central Bank of Kenya (CBK) is selling a 14-year infrastructure bond, seeking to raise Sh60 billion from the paper on which investors will not pay taxes on interest received.

The bond, part of which will be redeemed early, is on sale until November 8. The interest rate on the security will be determined by the market. Bond investors have been pressing for higher interest rates on new sales of government debt securities.

The bidding for higher interest rates comes amid rising inflation and the weakening of the Kenya shilling – two factors that erode the value of portfolios of fixed-income investors. (Business daily)

Indicative Forex Rates

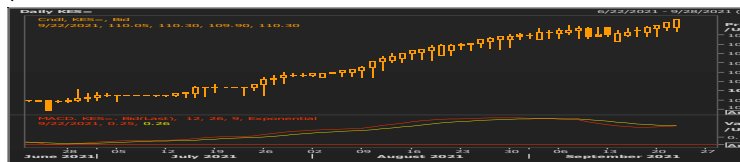
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	117.30	128.80	117.30	127.80
GBP/KES	136.29	149.29	135.49	150.19
EUR/KES	116.19	149.29	116.49	131.99
AED/KES	31.52	34.52	31.02	35.02

Money Market Rates	Current	Previous	Change
Interbank Rate	5.020%	4.960%	0.060
91-Day T-bill	9.127%	9.100%	0.027
182-Day T-Bill	9.678%	9.664%	0.014
364-Day T-Bill	9.965%	9.928%	0.037
Inflation	9.200%	8.530%	0.670
CBR RATE	7.500%	8.250%	0.750

Source; Central Bank of Kenya)

LIBOR Rates	USD	JPY	GBP
6 Months	4.93186	0.04251	4.11130
12 months	5.39343	-	-

(Source: Reuters)



INTERNATIONAL NEWS

The euro dropped more than 1% on Thursday, falling back below parity with the dollar, after the European Central Bank (ECB) raised interest rates and U.S. data showed that the world's biggest economy rebounded more than expected in the third quarter.

The ECB raised its deposit rate by 75 basis points to 1.5%, the highest since 2009, in an effort to prevent rapid price growth from becoming entrenched. Further rate hikes are almost certain, but with a weakening economy, the pace is up for debate.

The euro fell from a one-month high of \$1.0094 versus the dollar earlier in the day to back below parity with the greenback after the ECB rate decision. The single currency was down 1.1% at 0.9969 at 3:20 p.m. EDT (1920 GMT).

In the commodities markets, Oil prices fell on Friday after China, the world's top crude oil importer, widened its COVID-19 curbs, but were poised for a weekly gain on supply concerns ahead of Europe's pending cut-off of Russian imports.

Brent crude futures eased 78 cents, or 0.8%, to \$96.18 a barrel at 0350 GMT, after rising 1.3% in the previous session. U.S. West Texas Intermediate (WTI) crude futures were down \$1, or 1.1%, at \$88.08 a barrel.

Still, both benchmark oil contracts were on course for a weekly rise, with Brent heading for a gain of more than 2% and WTI more than 3%.

Gold prices fell slightly on Friday as the dollar recovered on stronger-than-expected third-quarter U.S. GDP data, while copper prices were set for a third straight week of gains on fears that supply will tighten in the coming months.

Sentiment towards industrial metals improved as data on Thursday showed the U.S. economy was faring better under the rate hike regime than previously thought. But the outlook still remains uncertain.

In the commodities market, Indicative Profit Rates on Deposits

	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	1.1350	1.1790
USD/AED	3.6630	3.6832
USD/JPY	144.25	148.75

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.