



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 27TH AUGUST 2022

DOMESTIC NEWS

The shilling on Friday touched an all-time low of Sh120 against the dollar in intraday trading, raising fears it would breach the mark in coming days. The weakened shilling signalled higher cost of imported goods and inflation.

The Central Bank of Kenya (CBK) data late afternoon showed the Kenya shilling exchanged at an average of 119.9059 on Friday, setting up the country and consumers for more expensive imports, electricity and debt servicing distress.

The continued weakening of the local currency — by more than 5.7 percent since January — is expected to push up living costs, hurting households already subjected to high fuel and food prices. (Business daily)

In other local news the push for higher salaries is the latest driver of operational costs for Kenyan firms in a high inflationary environment which has shrunk staff pay, prompting them to seek a raise.

Several companies have reported a growing queue of workers asking for higher salaries amid the fastest climb in inflation in five years.

Indicative Forex Rates

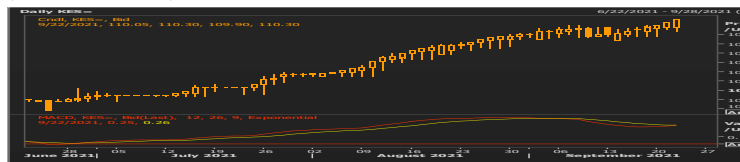
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	116.40	126.90	117.90	126.00
GBP/KES	135.79	149.79	132.49	149.69
EUR/KES	114.55	133.95	114.35	133.85
AED/KES	28.91	38.67	30.67	38.17

Money Rates	Market	Current	Previous	Change
Interbank Rate		5.160%	5.040%	0.120
91-Day T-bill		8.767%	8.669%	0.098
182-Day T-Bill		9.532%	9.492%	0.040
364-Day T-Bill		9.910%	9.909%	0.001
Inflation		8.320%	7.910%	0.410
CBR RATE		7.500%	7.500%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	JPY	GBP
6 Months	3.56643	0.04330	3.10750
12 months	4.12329	-	-

(Source: Reuters)



INTERNATIONAL NEWS

The dollar index gained on Friday after Federal Reserve Chair Jerome Powell adopted a hawkish tone to battling inflation, but did not settle the debate on how large a rate increase is likely at the U.S. central bank's September meeting.

The U.S. economy will need tight monetary policy "for some time" before inflation is under control, which means slower growth, a weaker job market and "some pain" for households and businesses, Powell said on Friday in remarks that warned there is no quick cure for fast rising prices.

The dollar index rose to 108.78, up 0.30% on the day, after earlier falling as low as 107.54. It is down from a five-week high of 109.27 on Tuesday and is holding below a 20-year high of 109.29 reached on July 14.

The euro dipped 0.07% to \$0.9963. It has bounced from a 20-year low of \$0.99005 on Tuesday. The dollar also gained 0.66% against the Japanese yen to 137.39.

In the commodities market, Oil prices rose 1% on Monday, as expectations OPEC will cut output if needed to support prices, conflict in Libya, and rising demand amid soaring natural gas prices in Europe helped offset a dire outlook for growth in the United States. U.S. West Texas Intermediate (WTI) crude futures jumped \$1.09, or 1.2%, to \$94.15 a barrel at 0241 GMT, adding to a 2.5% gain last week.

Brent crude futures rose 89 cents, or 0.9%, to \$101.88 a barrel, extending a 4.4% gain last week.

Gold prices sank to a one-month low on Monday following hawkish signals from the U.S. Federal Reserve, while copper prices plummeted on weak industrial data from China.

Spot gold prices slumped 0.7% to \$1,726.06 an ounce, while gold futures sank 0.7% to \$1,727.50 an ounce by 22:20 ET (02:20 ET). Both instruments were trading around their weakest levels since late July.

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	0.9849	1.0129
GBP/USD	1.1567	1.1823
USD/AED	3.6529	3.6933
USD/JPY	136.71	139.60

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.