



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH JUNE 2022

DOMESTIC NEWS

A choppy Tuesday session saw the home unit sink further against the greenback. Foreign currency demand to spin the USD/KES currency pair in favor of the greenback. The Kenyan currency closed the session on the defensive as demand from different sectors of the economy offset the waning supply. In the new day, markets remain focused on flows to determine direction for the USD/KES pair, with players inclined to 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 117.70/117.90.

Meanwhile, The International Monetary Fund (IMF) Executive Board is set to delay its approval to disburse a KSh28.7 billion loan to Kenya. While the country had hoped to get the board's nod to wire the funds which are part of a three-year loan program before June 30, the IMF Executive Board calendar to the end of the month does not include discussions on the third-tranche disbursement with Kenya. Delays in the disbursement are set to leave a marginal hole in financing the budget to June 30 even as the National Treasury works to acquire a syndicated loan to plug an even wider gap in the budget. In April, IMF staff and Kenyan authorities reached a staff level agreement in economic reviews marking the third formal assessment of the 38-month program that will see cumulative disbursements of KSh275 billion to Kenya.

Indicative Forex Rates

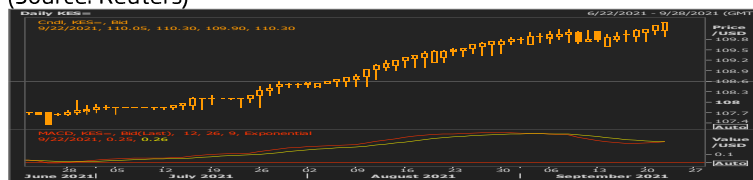
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	114.35	126.35	113.85	125.85
GBP/KES	139.82	154.32	139.02	153.82
EUR/KES	119.46	139.36	119.26	137.86
AED/KES	30.58	36.58	30.08	37.58

Money Market Rates	Current	Previous	Change
Interbank Rate	5.132%	5.182%	-0.050
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 dollar slipped to 104.39 against most major peers on Wednesday as a decline in U.S. yields took some of the sheen off the currency, with investors mulling the risk of a recession from aggressive Federal Reserve rate hikes.

The GBP/USD pair pared the biggest weekly loss in over a week around \$1.2200 during the mid-Asian session on Wednesday. The Northern Ireland Protocol (NIP) passed the first hurdle to becoming the law in the UK's House of Commons, however the Brexit protests have recently gained momentum in Britain. The same exert more pressure on Prime Minister Boris Johnson as Brexit is considered the core of Conservatives' winning recipe.

The euro rose to \$1.05315 on Wednesday after dipping to \$1.05025 on Tuesday, after European Central Bank (ECB) chief Christine Lagarde offered no fresh insight on the path for European interest rates at the ECB's annual forum. The ECB is widely expected to follow its global peers by raising interest rates in July for the first time in a decade to try to cool soaring inflation, though economists are divided on the magnitude of any hike.

Elsewhere, global oil prices fell on Wednesday to \$117.37 after rising in the previous three sessions but losses were limited on the view that global supply tightness will continue as there is limited room for major producers such as Saudi Arabia to boost production. An overnight report suggested that Saudi Arabia and the United Arab Emirates are unable to raise output significantly in the near future. In the meantime, The Group of Seven (G7) leaders are about to discuss the means to tackle rising energy prices. They are examining a new package of actions aimed at increasing pressure on Russia over its war in Ukraine.

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	1.0360	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.