



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH MARCH 2022

DOMESTIC NEWS

The recent weakening narrative went a notch higher yesterday, as importers, particularly from the oil and energy sector, filled the market to pick up the dollar. The trifling foreign currency inflows witnessed from various sectors of the economy, did little to save the local unit from losses. A number of interbank and corporates players were on scene roiling the market in search for decent offers on the US dollar. This saw the shilling chase the elusive dollar, to take the USDKES currency pair higher. By close of day, the local unit stood at 114.70/114.90 as compared to 114.65/114.85 Monday's close.

This is the lowest the local unit has plunged attributed to higher demand for the US currency by importers of petroleum products and other items such as industrial supplies, coupled with a fast-rising import bill that has outstripped earnings from exports, diaspora remittances, and tourist receipts. A depreciating shilling means importers spend more on bringing in goods such as petroleum products and raw materials for factories, which results in rising input costs for firms that usually pass much of the additional expenses to consumers. However, the situation is a boon for exporters of tea, horticulture and coffee who are largely paid in dollars and benefit from a weakening Kenyan currency as they end up earning more. The shilling has depreciated 1.47% cent since the beginning of the year.

Indicative Forex Rates

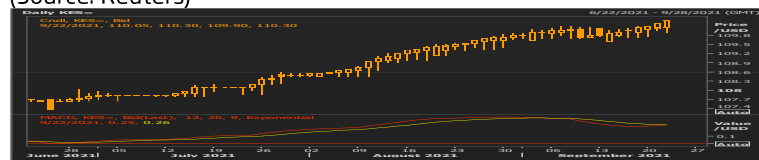
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	111.30	118.30	112.80	117.80
GBP/KES	146.28	154.28	145.98	154.68
EUR/KES	121.65	129.55	122.45	129.95
AED/KES	29.75	32.75	29.25	33.25

Money Market Rates	Current	Previous	Change
Interbank Rate	4.345%	4.339%	-0.006
91-Day T-bill	7.283%	7.252%	0.031
182-Day T-Bill	8.134%	8.093%	0.041
364-Day T-Bill	9.767%	9.763%	0.004
Inflation	5.100%	5.400%	-0.300
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

SOFR, SONIA AND EONIA Rates	USD	EUR	GBP
3 Months	0.98286	-0.47000	0.19470
6 months	1.45114	-0.39200	0.69080

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index edged lower on Tuesday to 98.933, courtesy of higher yields as market players expects a 50 bps increase to the Federal Funds Rate by the Fed. Factors like China's Covid-19 Omicron outbreak and the continuation of the conflict between Russia and Ukraine keep investors uneasy.

The GBP/USD pair rose to \$1.3102 on Tuesday, ahead of the release of the latest Bank of England Quarterly Bulletin. The central bank raised its benchmark rates three times in a row, each time by 25 basis points. Separately, Bank of England's Governor Andrew Bailey crossed the wires in an event held in Brussels. Bailey said that "swings in commodity markets after Russia's invasion of Ukraine posed a risk to financial stability, and the challenges facing the world economy are bigger than after the global financial crisis

The euro advanced to \$1.1000 benefiting slightly from the hope that peace talks due to start later Tuesday in Turkey could bring an end to the Ukraine/Russia war, which is now in its second month. Meanwhile, inflation figures from major European economies are due from Wednesday, while the European Central Bank policymakers will be keen to move to address prices at historically high levels, they are also very aware of the headwinds to growth in the region caused by the Ukraine war. Lingering Russia-related downside risk and upside risk for commodity prices continue to warrant a stronger dollar and weaker European currencies.

Elsewhere, global oil prices on Tuesday extended losses to \$109.97 from the previous day as Ukraine and Russia headed for peace talks that are set to take place in Istanbul on Tuesday which are their first peace talks in over two weeks.

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	1.0870	1.1270
GBP/USD	1.2960	1.3170
USD/AED	3.6645	3.6890
USD/JPY	112.20	117.80

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.