



**DIB Bank Kenya**  
A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 2<sup>ND</sup> FEBRUARY 2022

### DOMESTIC NEWS

The Kenyan shilling was range bound against the greenback on Tuesday as market activity remained subdued. The demand and supply counters were well matched leading the shilling to be confined within the recently established ranges. Market trading volumes remained thin as traders looked to cover for the necessary flows. The movement in the local currency is likely to remain flow based as foreign currency buyers and sellers battle for dominance in the local forex market. By close of day, the local unit stood at 108.50/108.70 same as Monday's close.

In the meantime, Central Bank of Kenya (CBK) is offering a 19 year infrastructure bond worth KSh 75 Billion to investors, proceeds that will be used for funding of infrastructure projects in the 2021/2022 budget estimates. The coupon rate is market determined while the period of sale is between 31st January 2022 to 15th February 2022 and payment date of 21st February 2022. Central Bank of Kenya (CBK) is offering a 19-year infrastructure bond worth KSh 75 billion to investors, proceeds that will be used for funding of infrastructure projects in the 2021/2022 budget estimates. The CBK prospectus said the coupon rate will be market determined while the period of sale is between 31st January 2022 to 15th February 2022 and payment date of 21st February 2022. The Bond may be re-opened at a future date. The Central Bank will rediscount the bond as a last resort at 3% above the prevailing market yield or coupon rate whichever is higher.

#### Indicative Forex Rates

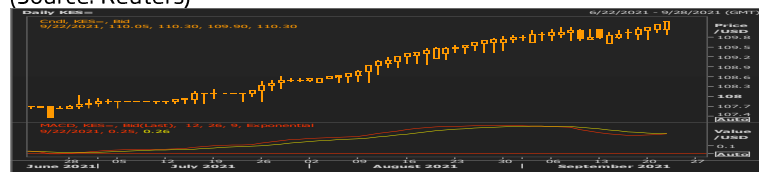
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	110.15	117.15	111.65	116.65
GBP/KES	149.67	157.67	149.37	158.07
EUR/KES	123.73	131.63	124.53	132.03
AED/KES	29.44	32.44	28.94	32.94

Money Market Rates	Current	Previous	Change
Interbank Rate	4.763%	5.050%	-0.287
91-Day T-bill	7.343%	7.331%	0.012
182-Day T-Bill	8.112%	8.069%	0.043
364-Day T-Bill	9.544%	9.510%	0.034
Inflation	5.390%	5.730%	-0.340
CBR RATE	7.000%	7.000%	0.000

Source; Central Bank of Kenya)

LIBOR Rates	USD	EUR	GBP
3 Months	0.31657	-0.58057	0.61380
6 months	0.53443	-0.55600	0.96190

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was carrying a couple of bruises on Tuesday at 97.441 as Federal Reserve officials played down the chance of a half point rate hike in March and a rally in global equity markets tarnished some of its safe haven allure. A chorus of Fed officials said they would raise interest rates in March but spoke cautiously about what might follow and indicated a desire to keep options open given an uncertain inflation outlook.

The GBP/USD pair printed highs at \$1.3488 on Tuesday. Thursday will see a UK Monetary Policy Committee meeting, where a rate hike is likely. Investors have now fully priced a 25-basis-point rise in the BoE's main interest rate to 0.50% on Feb. 3. Therefore, the focus ought to be on what's said, more than what's done.

The euro got a lift from rising EU yields to \$1.1280 on Tuesday, with German 10-year yields hitting their highest since mid-2019 after lofty inflation readings stoked speculation the European Central Bank might have to tighten early. Some market participants believe the euro may be more attractive than previously thought when it comes to its rate hike trajectory and the difference between the ECB and the Fed could narrow.

Elsewhere, global oil prices climbed on Wednesday to \$89.33 per barrel toward last week's seven-year highs as a draw in U.S. crude stocks confirmed strong demand and a lack of supply, but investors remained cautious ahead of an OPEC+ meeting later in the day. The Organization of the Petroleum Exporting Countries and allies, together known as OPEC+, will likely stick to existing policies of moderate output increases on Wednesday, even as it expects demand to rise to new peaks this year and as oil prices trade near seven-year highs.

#### Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES		USD	
2 Weeks	6.55%	0.25%		
1 Month	6.75%	0.50%		
3 Months	7.00%	0.75%		
6 Months	7.50%	1.00%		
1 year	8.00%	1.25%		

#### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1140	1.1360
GBP/USD	1.3305	1.3670
USD/AED	3.6645	3.6890
USD/JPY	112.10	117.90

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.