



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST JANUARY 2022

DOMESTIC NEWS

The local unit was relatively stable on Friday, in a low-key trading session where demand and supply counters remained balanced. The session saw recent dollar demand from importers ease, allowing the USDKES currency pair to remain unchanged by close of business. The direction of the USDKES pair remains at the mercy of the larger market sentiment. By close of day, the local unit stood at 113.55/113.75 as the same as Thursday's close. That said, in the new week, it is expected that the shilling will continue trading with a defensive tone, barring any intervention or change in fundamentals.

In the meantime, the usable foreign exchange reserves remained adequate at USD 8,287 million (5.07 months of import cover) as at January 27. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover. Meanwhile, Provisional data on balance of payments shows that the current account deficit is estimated at 5.4 percent of GDP in 2021 compared to 4.6 percent of GDP in 2020. This reflects a higher import bill, particularly oil, which more than offset increased receipts from agricultural and services exports, and remittances.

Indicative Forex Rates

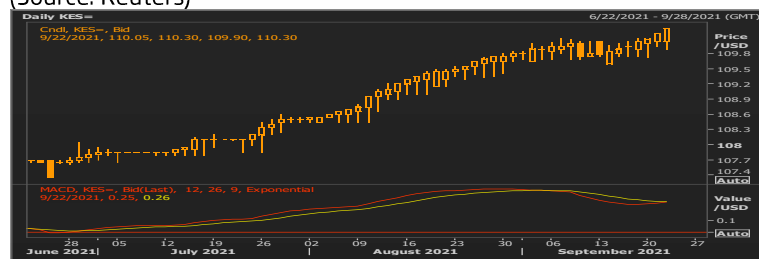
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	110.15	117.15	111.65	116.65
GBP/KES	148.46	156.46	148.16	156.86
EUR/KES	122.46	130.36	123.26	130.76
AED/KES	29.44	32.44	28.94	32.94

Money Market Rates	Current	Previous	Change
Interbank Rate	4.979%	4.827%	0.152
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	5.730%	5.800%	-0.070
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 gained on Friday to 97.244 and posted its biggest weekly rise in seven months as markets priced in a year ahead of aggressive hikes in U.S. interest rates. Money markets priced in a 28.5-basis-point interest rate hike in March and as many as 119.5 basis points in cumulative increases by year's end as the dollar steadily rose in a week highlighted by a more hawkish tone coming out of a Federal Reserve meeting. Economic data has also been supportive of the dollar.

The GBP/USD pair inched up to \$1.3412 on Friday. The Bank of England (BOE) has a meeting on Thursday. Investors expect the BOE will increase the interest rate for the second time in less than two months. The country's inflation surged to its highest point in nearly 30 years and the central bank phased out some stimulus policies in place since the start of the COVID-19 pandemic.

The euro settled around \$1.1162 levels on Friday. The European Central Bank has a policy meeting on Thursday. The central bank is on cruise control, at least for the first half of 2022, but analysts are starting to warn that approaching rate hikes from the Fed will shrink the ECB's window for action.

Elsewhere, global oil prices rose on Monday to \$91.10 per barrel, while supply concerns and political tensions in Eastern Europe and the Middle East put prices on track for their biggest monthly gain in almost a year. Russia and the West are at loggerheads over Ukraine, causing worries over a possible disruption to European energy supplies. On Sunday, the head of NATO said that Europe needs to diversify its energy supplies as Britain warned it was "highly likely" that Russia was looking to invade Ukraine.

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	1.1090	1.1340
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.