



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 3RD FEBRUARY 2022

DOMESTIC NEWS

The Kenyan shilling was unchanged against on Wednesday against the U.S. dollar as foreign currency demand and supply became matched. An uptick in activity across the counters saw the pair oscillate between gains and losses, ending the session within similar ranges. Price action for the USD/KES pair was largely flow driven. Today's trading is expected to be range bound as players look out for new fundamentals to guide the direction of the home unit. By close of day, the local unit stood at 113.50/113.70 same as Tuesday's close.

In the meantime, Kenya could attain its highest economic growth in the current financial year ending June 30, driven by the recovery from Covid-19 setbacks. Launching the Fourth Medium Term Plan (2023-2027), National Treasury Cabinet Secretary Ukur Yatani said the projection is pegged on impressive growth rates recorded in the second and third quarters. The country's GDP has been growing quarter to quarter from two per cent in Q1, Q2, 11.9 per cent and 9.9 per cent in Q3. The Central Bank of Kenya (CBK) projects the growth to slow to 8.4 per cent in Q4, with the overall economic growth for the year hitting an average of eight per cent. The growth is attributed to the rebound in all sectors of the economy, led by the hospitality sector that had dropped 70 per cent due to tough Covid-19 preventive measures by governments. Although the government is expecting a high growth rate for the year ending June 30, it has lower prospects for the upcoming fiscal year which will coincide with the August 9 general election.

Indicative Forex Rates

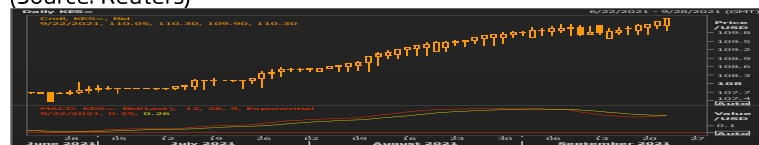
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	110.15	117.15	111.65	116.65
GBP/KES	150.08	158.08	149.78	158.48
EUR/KES	124.02	131.92	124.82	132.32
AED/KES	29.44	32.44	28.94	32.94

Money Market Rates	Current	Previous	Change
Interbank Rate	4.763%	4.108%	0.655
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	0.30271	-0.58057	0.64460
6 months	0.52957	-0.55600	0.99790

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar index reigned supreme on Wednesday at 96.403. Multi-decade high inflation in the United States and swathes of the rest of the world has prompted the Fed and other central banks to dial back some of the stimulus measures enacted during the COVID-19 pandemic. U.S. Treasuries have also taken a pasting, with yields rising by some measures at their fastest pace since 2009 in January as traders bet on a quicker pace of Fed tightening.

The GBP/USD pair settled at \$1.3566 on Wednesday as attention turns to the Bank of England meeting due today. The Bank of England is expected to lift rates by another 25bps to 0.50% in order to combat ongoing inflation risks. As for politics, currency markets have simply ignored the latest developments of the political crisis in Britain over lockdown parties at Downing Street.

The euro took a pause at \$1.1300 on Wednesday. In wake of the latest Eurozone inflation surprise, some analysts are calling for the ECB to adjust its inflation view. At its last meeting, the central bank said that it still viewed inflation as transitory and likely to fall back under the 2.0% target by the end of 2022, but that this view could shift on persistent inflation surprises.

Elsewhere, global oil prices eased on Thursday to \$89.30 per barrel following weak U.S. payrolls data and some profit taking but remained underpinned by tight supply as OPEC+ producers stuck to planned moderate output increases. The Organization of the Petroleum Exporting Countries and allies led by Russia, known as OPEC+, agreed on Wednesday to stick to moderate rises of 400,000 barrels per day in its oil output with the group already struggling to meet existing targets.

Indicative Profit Rates on Deposits

	Amounts > 10 million		Amounts >100,000	
	KES	USD	USD	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	1.1150	1.1370
GBP/USD	1.3405	1.3770
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.