



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

## TREASURY MARKET UPDATE 4<sup>TH</sup> JULY 2022

### DOMESTIC NEWS

The home unit succumbed to further losses versus the greenback in Friday's session. Augmented dollar demand from different sectors dominated counters through the day amidst dwindling inflows, leaving the USDKES pair's price action skewed to the upside in what was a one way move. Looking ahead, it remains to be seen whether the depreciation of the home unit will continue, and new trading ranges set. The direction of the USDKES pair remains at the mercy of the larger market sentiment. By close of day, the local unit stood at 117.90/118.10 as compared to Friday's close of 117.85/118.05.

Meanwhile, the latest Kenya National Bureau of Statistics (KNBS) data confirm the continuation of the strong economic performance in the first quarter of 2022, growing by 6.8 percent compared to 2.7 percent in the first quarter of 2021. The strong performance was supported by continued recovery in manufacturing, construction, transport and storage, education, accommodation and food services, and wholesale and retail trade. The agriculture sector remained subdued on account of unfavorable weather conditions experienced during the quarter under review. During the first three months of the year, the economic output was valued at Sh 3.3 trillion, against Sh 2.96 trillion posted in the first quarter of 2021. The GDP growth was mainly attributed to the country's increased activity in the financial services industry which grew by 14.4% from 9.9% in the previous quarter. At the same time, the Q1 GDP numbers are still below the rates reported in the second and third quarter of 2021.

#### Indicative Forex Rates

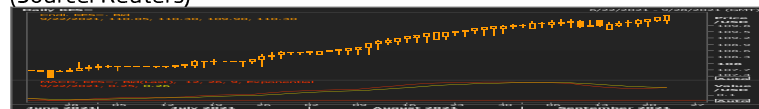
|         | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 115.50   | 127.00    | 115.00 | 126.00  |
| GBP/KES | 138.74   | 151.74    | 140.74 | 152.74  |
| EUR/KES | 118.16   | 144.06    | 122.06 | 137.06  |
| AED/KES | 28.13    | 42.13     | 30.13  | 37.63   |

| Money Market Rates | Current | Previous | Change |
|--------------------|---------|----------|--------|
| Interbank Rate     | 5.519%  | 5.328%   | 0.191  |
| 91-Day T-bill      | 8.097%  | 8.013%   | 0.084  |
| 182-Day T-Bill     | 9.196%  | 9.163%   | 0.033  |
| 364-Day T-Bill     | 9.985%  | 9.974%   | 0.011  |
| Inflation          | 7.900%  | 7.100%   | 0.800  |
| 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 | 2.10954        | -0.58327      | 1.57430         |
| 6 months | 2.59685        | -0.57991      | 1.99540         |

(Source: Reuters)



(Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar index was down on Monday morning to 105.10, but moves were small as growth fears continued to stalk markets. In the U.S. and elsewhere, signs of economic weakness are becoming more apparent. Separately, despite the potential recession caused by tightening monetary policies, U.S. Federal Reserve Chair Jerome Powell reiterated last week the Fed's resolution to tame red hot inflation. Now the market has priced in another hike of 75 basis points from the Fed this month. Minutes of the Fed's June policy meeting on Wednesday are almost certain to sound hawkish given the committee chose to hike rates by a super-sized 75 bps. It is worth noting that today is the US Independence Day holiday.

The GBP/USD pair seesawed around 1.2100 on Monday as traders struggle for clear directions amid downbeat UK catalysts. Chatters surrounding another attempt by the UK policymakers to oust Prime Minister (PM) Boris Johnson weigh on the GBP/USD prices.

The euro struggles to defend intraday gains around 1.0430 as risk-aversion challenges the markets during Monday's Asian session. Fears of negative actions for the European banks, chatters surrounding the global economic slowdown and the ECB's hawkish moves also play their roles to confuse the traders as the US holiday restricts the market moves.

Elsewhere, global oil prices fell on Monday to \$111.27 per barrel, paring gains from the previous session, as fears of a global recession weighed on the market even as supply remains tight amid lower OPEC output, unrest in Libya and sanctions on Russia. Oil supply concerns still remain, preventing steeper price falls.

#### Indicative Profit Rates on Deposits

|          | Amounts > 10 million |       | Amounts >100,000 |     |
|----------|----------------------|-------|------------------|-----|
|          | KES                  | USD   | 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 | 1.0310 | 1.0650 |
| GBP/USD | 1.2030 | 1.2480 |
| USD/AED | 3.6645 | 3.6890 |
| USD/JPY | 129.70 | 139.90 |

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.