



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH AUGUST 2022

DOMESTIC NEWS

A choppy Friday session saw the home unit sink further against the greenback. Foreign currency demand continued to spin the USD/KES currency pair in favour of the greenback. With elections upon us, it will be a wait and see scenario. In the new day, markets remain focused on flows to determine direction for the USD/KES pair. By close of day, the local unit stood at 119.15/119.35 as compared to Thursday's close of 119.10/119.30.

Meanwhile, Kenya's private sector activity hit a 15-month low in July as PMI survey data signalled a decline in new orders and muted business confidence. The Markit Stanbic Bank Kenya Purchasing Managers' Index (PMI) remained below the 50.0 no-change mark for the fourth successive month falling to 46.3 from 46.8 in June. Readings above 50.0 signal an improvement in business conditions on the previous month, while readings below 50.0 show a deterioration. Business volumes were subdued in the private sector by uncertainty around the upcoming election, plus inflationary pressures which deterred customers from committing to new projects. The PMI survey further notes that inflation rates remained elevated at the start of the third quarter, despite softening over the month. Most firms expanded their workforce numbers in July to help provide good quality products and services to their customers. Suppliers were also keen to provide a good service and speed up delivery times for the twenty-sixth month.

Indicative Forex Rates

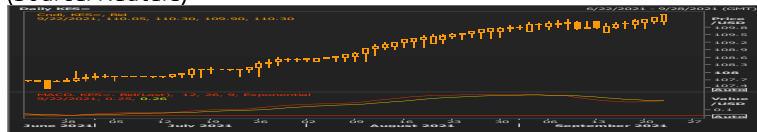
	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	115.80	126.80	115.30	125.80
GBP/KES	140.11	159.61	139.31	154.11
EUR/KES	116.62	142.52	116.92	135.52
AED/KES	28.48	42.48	30.48	41.98

Money Market Rates	Current	Previous	Change
Interbank Rate	5.496%	5.248%	0.248
91-Day T-bill	8.473%	8.399%	0.074
182-Day T-Bill	9.253%	9.196%	0.057
364-Day T-Bill	9.920%	9.946%	-0.026
Inflation	8.300%	7.900%	0.400
CBR RATE	7.500%	7.500%	0.000

Source; Central Bank of Kenya)

TENOR	USD SOFR RATES	EUR STR RATES	GBP SONIA RATES
3 Months	2.63604	-0.53403	1.96030
6 months	2.98677	-0.55615	2.33130

(Source: Reuters)



(Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar extended its best rally since mid-June on Monday settling at 106.93, buoyed by higher Treasury yields after blockbuster U.S. jobs data lifted expectations for more aggressive Federal Reserve policy tightening. Markets see a 73.5% probability the Fed continues the pace of 75 basis-point interest-rate increases for its next policy decision on Sept. 21, from about 41% before surprisingly strong payrolls data on Friday raised worries that wage growth would fuel inflationary pressures.

The GBP/USD pair declined gradually towards the immediate support of \$1.2050 on Monday but is likely to extend losses after violating the immediate support. The Bank of England raised rates by the most in 27 years last week to fight surging inflation in a dovish 50 bp hike to 1.75%. The central bank followed up by saying that a long recession was coming, beginning in the fourth quarter of this year, highlighting the bleak outlook for the UK economy and the pound.

The euro treads water after the recently downbeat performance amid a sluggish start to the key week. That said, the major currency pair seesaws around 1.0180-85 during early Monday morning in Europe. The quote's latest inaction could be linked to the absence of major data, as well as anxiety ahead of the key US CPI for July.

Elsewhere, global oil prices dropped on Monday to \$94.18 per barrel, as recession fears hurt demand outlook and data pointed to a slow recovery in China's crude imports last month. Separately, Russian crude and oil products exports continued to flow despite an impending embargo from the European Union that will take effect on Dec. 5.

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	0.9850	1.1250
GBP/USD	1.1640	1.2580
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.