



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH DECEMBER 2022

DOMESTIC NEWS

Kenya shillings inched lower against the dollar on Wednesday amid demand for the US currency from importers and manufacturing sector ahead of the holiday season. Commercial banks quoted the shilling at 122.80/123.00 per dollar compared with Tuesday's close of 122.75/95.

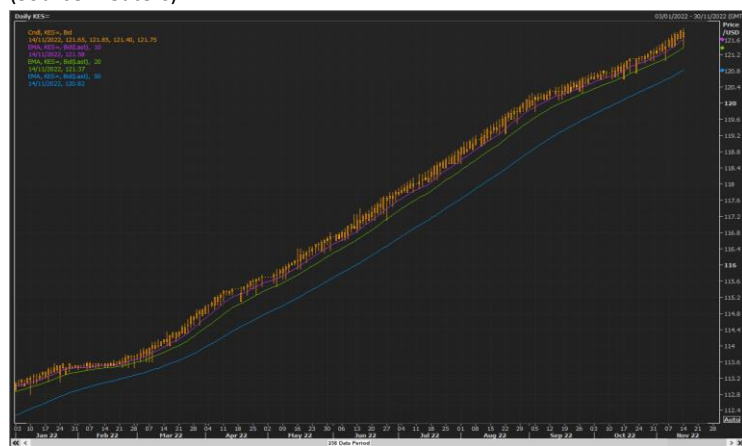
In other news locally, The Central Bank of Kenya (CBK) is seeking to raise a total of Sh70 billion from the reopening of three bonds including a six-year infrastructure paper which came with a tax-free interest rate of 13.215 per cent when it was first auctioned on December 2. The infrastructure bond is on sale until December 22 or upon attainment of the target of Sh20 billion. Investors eyeing the paper will pay a small premium of 0.741 per cent on the principal to adjust for their relatively late entry ahead of the first interest payment of June 5, 2023. Investors can get different returns on the same bond, with the adjustments coming from a few key variables. (Business daily)

Indicative Forex Rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 118.90 | 130.40 | 118.90 | 129.40 |
| GBP/KES | 146.69 | 159.69 | 145.89 | 160.59 |
| EUR/KES | 125.11 | 139.01 | 125.41 | 141.91 |
| AED/KES | 29.46 | 42.46 | 31.46 | 35.46 |

| Amounts > 10 million | | Amounts >100,000 |
|----------------------|-------|------------------|
| KES | | USD |
| 2 Weeks | 7.00% | 1.25% |
| 1 Month | 7.00% | 2.00% |
| 3 Months | 7.50% | 2.50% |
| 6 Months | 8.00% | 3.25% |
| 1 year | 8.50% | 4.00% |

(Source: Reuters)



INTERNATIONAL NEWS

The dollar was lower against the yen and the euro on Wednesday after first gaining ground when the U.S. Federal Reserve raised interest rates by half a percentage point as expected and said it would need to continue to raise rates.

The greenback reversed course and retreated when Fed Chair Jerome Powell took questions. The Fed projected at least an additional 75 basis points of increases in borrowing costs by the end of 2023 as well as a rise in unemployment and a near stalling of economic growth.

The dollar index, which measures the greenback against a basket of major currencies, was recently down 0.39%. The euro was last up 0.43% against the dollar at \$1.0674. The dollar was down 0.24% at 135.235 yen. Sterling was last up 0.54% against the dollar at \$1.2429.

In the commodities market, Oil prices fell on Thursday as hawkish signals from the Federal Reserve brewed uncertainty over U.S. economic health and spurred some profit taking after a three-day rally, even as the outlook for demand improved. The International Energy Agency forecast a rebound in oil demand over the next year, as China scales back COVID restrictions and as U.S. and global inflation begins easing. This spurred strong gains in crude prices on Wednesday. London-traded Brent oil futures fell 0.9% to \$82.03 a barrel, while West Texas Intermediate crude futures fell 0.9% to \$76.57 a barrel by 21:59 ET (02:59 GMT). But both contracts were trading over 7% higher for the week, amid signs that U.S. inflation eased further in November.

Gold prices fell on Thursday after the Federal Reserve struck a more hawkish chord than markets were expecting, with the outlook for the yellow metal remaining uncertain on the prospect of higher U.S. interest rates. Still, bullion prices marked a strong rally this week, clearing the key \$1,800 resistance level after data showed U.S. inflation eased further in November. Spot gold fell 0.4% to \$1,800.79 an ounce, while gold futures fell 0.4% to \$1,811.35 an ounce by 20:46 ET (01:46 GMT). Both instruments were still trading up 0.6% for the week. (Reuters)

Indicative Cross Rates

| | Bid | Offer |
|---------|---------|---------|
| EUR/USD | 1.0440 | 1.0865 |
| GBP/USD | 1.2179 | 1.2585 |
| USD/ZAR | 15.2274 | 19.2410 |
| USD/AED | 3.6627 | 3.6829 |
| USD/JPY | 133.50 | 137.59 |

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.