



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH DECEMBER 2022

DOMESTIC NEWS

Kenya shillings inched lower against the dollar on Thursday with low volumes moving on the market amid weak demand ahead of the holiday season. Commercial banks quoted the shilling at 122.80/123.00 per dollar compared with Wednesday's close of 122.75/95.

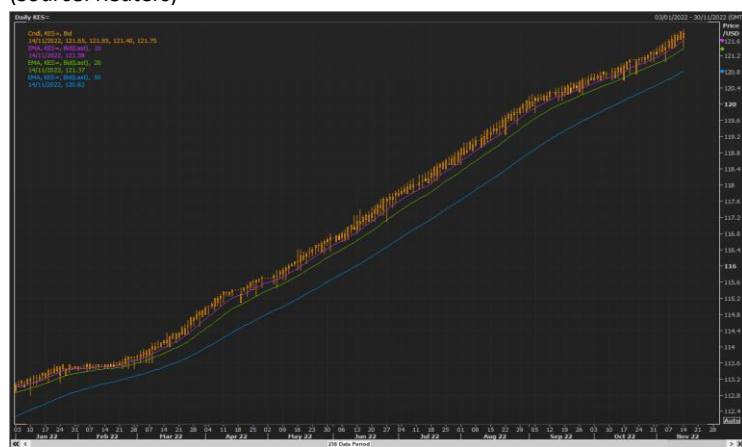
In other news locally, The Treasury has downplayed the impact of Kenya's poor ratings on its debt repayment capability, accusing global rating agencies of "subjectivity." This comes as Fitch, one of the three global rating firms, slashed the country's credit score to the 'highly speculative' rating of B from B+, which is 'speculative.' The Treasury noted that the sovereign credit ratings for Kenya by October had been relatively stable, standing at B with a stable outlook, B+ with a negative outlook and B2 with a negative outlook by Standard & Poor's (S&P), Fitch and Moody's, respectively. However, Fitch, which is one of the rating agencies contracted by the Government of Kenya, on Wednesday downgraded the country's score to B with a stable outlook. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	119.55	130.05	119.05	129.55
GBP/KES	146.27	165.77	145.47	160.27
EUR/KES	126.09	151.99	126.39	144.99
AED/KES	29.50	39.50	31.50	39.00

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 U.S. dollar soared on Thursday, led by strong gains against the yen, sterling, and commodity currencies, as investors fretted about the risk of recession with the Federal Reserve likely to raise interest rates well into next year. The greenback's allure was magnified, amid worsening risk appetite as stocks fell.

Like the Fed, the European Central Bank raised interest rates for the fourth time in a row, although by less than at its last two meetings, pledged further hikes and laid out plans to drain cash from the financial system as part of its fight against runaway inflation.

The euro earlier hit \$1.0737, the highest since June 9, after the ECB decision, before falling back to \$1.0629, down 0.5% on the day. The dollar index, a gauge of the greenback's value against a basket of currencies, rose 0.9% at 104.53.

In the Asian continent, China's yuan rose 0.1%, taking some support from optimism over an eventual economic reopening in the country. But in the near-term, China faces an unprecedented spike in COVID-19 cases, which analysts warned could delay a reopening and further disrupt economic activity. Against Yen, dollar rose to two-week highs and last traded up 1.6% at 137.665.

In the commodities markets, Oil dipped on Friday as the market assessed the aftermath of interest rates hikes at central banks but were poised for the biggest weekly gains in 10 weeks amid supply disruption concerns and China's demand recovery hopes. Brent crude futures fell 24 cents or 0.3% to \$80.97 per barrel by 0508 GMT. West Texas Intermediate futures slipped 29 cents, or 0.4%, to \$75.82 per barrel. Both benchmarks fell 2% in the previous session over strong dollars and rate hikes from the central banks in Europe.

Gold prices were muted on Friday after logging sharp losses in the prior sessions as growing fears of a recession were compounded by signals from several major central banks that interest rates were far from peaking. A batch of weak U.S. and euro zone economic data also showed that both economies are struggling under the yoke of high inflation and rising interest rates. Spot was flat around \$1,776.15 an ounce, while gold futures steadied around \$1,787.05 an ounce by 19:07 ET (00:07 GMT). Both instruments slumped nearly 2% on Thursday. The yellow metal was also set to lose around 1.1% this week, rattled by a recovery in the dollar as investors sought haven in the greenback. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0450	1.0870
GBP/USD	1.2020	1.2485
USD/ZAR	15.4567	19.4708
USD/AED	3.6522	3.6930
USD/JPY	135.25	139.30

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