



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 10TH MARCH 2023

DOMESTIC NEWS

Kenya Shilling weakened on Thursday, undermined by demand for dollars from importers, especially oil retailers. Commercial Banks quoted the shilling at 128.70/90 per dollar, compared with Wednesday's closing rate of 128.30/50.

In other local market news homes and businesses face costly loans as the government steps up borrowing from the domestic market, pushing returns on bond and Treasury bills to record levels. The government has in recent weeks increased borrowing amid below-target revenue collections and reduced reliance on debt for the better half ending in December.

This has pushed returns on the 364-day Treasury bill to 10.747 percent in this week's auction—the highest rate since mid-2018. The benchmark 91-day Treasury bill yields rose to 9.74 percent from 7.86 percent in June last year, forcing bankers to match it to encourage larger depositors to leave their money with banks instead of lending to the State. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.65	139.65	124.65	139.15
GBP/KES	149.44	162.44	148.64	163.34
EUR/KES	131.42	145.32	131.72	148.22
AED/KES	31.02	44.02	33.02	44.52

	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	7.50%	1.50%
1 Month	7.50%	2.50%
3 Months	8.00%	3.00%
6 Months	8.50%	3.75%
1 year	9.00%	4.50%



USD movement from December 2022 – Date (Source: Reuters)

INTERNATIONAL NEWS

The dollar dipped on Thursday after data showed U.S. jobless claims rose more than expected last week, raising hopes that a softening labor market will reduce the likelihood of the Federal Reserve reaccelerating the pace of its rate hikes. The dollar was last down 0.31% against a basket of currencies at 105.28. It is down from a three-month high of 105.88 on Wednesday. The U.S. dollar index was little changed at 105.28 but remained on track for a weekly gain of 0.73%. It surged earlier in the week after Fed Chair Jerome Powell struck a more hawkish tone than markets had expected at his semi-annual testimony before the Senate Banking Committee.

Elsewhere The euro gained 0.31% to \$1.0577 and is up from a two-month low of \$1.0524 on Wednesday. Sterling was one of the best performers on Thursday, rising 0.58% to \$1.1911. It fell to a more than three-month low of \$1.18050 on Wednesday. The dollar fell 0.87% against the Japanese currency to 136.216 yen. It reached a three-month high of 137.90 on Wednesday.

In the commodities markets, Oil fell for a fourth session on Friday, heading for its biggest weekly loss in five weeks on worries about the prospect of steep interest rate hikes in the United States slowing growth and hitting fuel demand. Brent dipped 48 cents, or 0.6, to \$81.11 a barrel by 0434 GMT. U.S. West Texas Intermediate crude (WTI) were down 60 cents, or 0.8%, at \$75.12 a barrel.

On the other end gold prices kept to a small range on Friday as markets hunkered down ahead of nonfarm payrolls data that is likely to factor into monetary policy, with the yellow metal also headed for weekly losses as markets priced in higher interest rates. Spot gold was flat at \$1,830.06 an ounce, while gold futures steadied at \$1,835.25 an ounce by 20:15 ET (01:15 GMT). Both instruments rose around 0.9% on Thursday. Copper futures rose 0.1% to \$4.0113 a pound and were set to lose 1.4% this week.

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0385	1.0790
GBP/USD	1.1721	1.2124
USD/ZAR	16.5448	20.5540
USD/AED	3.6527	3.6935
USD/JPY	134.67	138.68

For more details, contact our Treasury staff Mary, Bernard, Joseph & Evelyn on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913351/52/54. 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.



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