



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

## TREASURY MARKET UPDATE 13<sup>TH</sup> JANUARY 2023

### DOMESTIC NEWS

The Kenya shillings was stable on Thursday but is expected to weaken due to increased demand for dollars from manufacturing companies and oil retailers. Commercial banks quoted the shillings at 123.75/95 per dollar unchanged from Wednesday's close.

In other news, Investor apathy in local Treasury bills and bonds has opened a Sh128.1 billion hole in the 2022/23 budget. New data from the National Treasury shows net domestic financing in five months of the fiscal year to November missed the target by a quantum of Sh128.1 billion with attained financing at Sh180.7 billion.

According to the National Treasury, The debt domestic financing was below the target by Sh128.1 billion attributed to liquidity challenges in the domestic debt market. "Budget execution is affected by less than target financing."

The observed liquidity challenges as indicated by the National Treasury have been traced by analysts to the allocation of funds to the short-ended T-Bills against risks emanating from a rising interest rate environment.

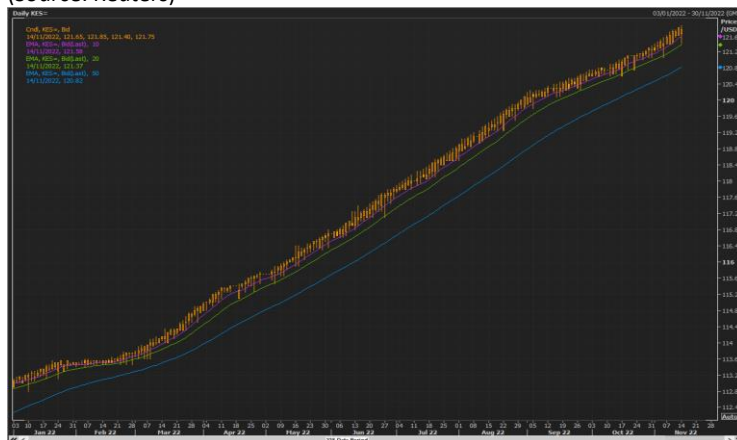
(Business daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	120.40	130.90	119.90	130.40
GBP/KES	147.00	166.50	146.20	161.00
EUR/KES	129.40	155.30	129.70	148.30
AED/KES	29.73	39.73	31.73	39.23

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

Dollar swayed on Friday as cooling U.S. inflation raised hopes of the Federal Reserve slowing the pace of interest rate hikes, while the yen hovered around seven month high on mounting speculation the Bank of Japan could further tweak its ultra-easy monetary policy.

The Japanese yen strengthened 0.13% against the dollar at 129.09, having touched a fresh seven-month high of 128.65 per dollar earlier in the day. The BOJ last month stunned the market by widening the band around its 10-year bond yield target, but the move has failed to remove market distortions caused by its huge bond buying, leaving traders guessing whether more steps could come as early as its Jan. 17-18 rate review. The dollar index, which measures the U.S. currency against six others, rose 0.117% at 102.280, having slipped to lowest level since June earlier in the session. The U.S. central bank raised interest rates by 50 basis points in December after four straight 75 basis point hikes in the year but said it would need to keep them higher for longer to tame inflation.

In the Commodities markets, Oil prices slipped in early trade on Friday but were on track for gains of more than 6% for the week on solid signs of demand growth in top crude-oil importer China and expectations of less aggressive interest rate rises in the United States. Brent futures had fallen 33 cents, or 0.4%, to \$83.70 a barrel by 0322 GMT, while U.S. West Texas Intermediate (WTI) crude futures slipped 20 cents, or 0.3%, to \$78.19. Brent has jumped 6.7% so far this week and WTI is up 6.2%, recouping most of last week's losses.

On the other hand, Gold prices rose slightly on Friday and were set for a fourth straight week of gains after U.S. consumer inflation data showed that price pressures eased as expected in December, setting the scene for a slowing pace of interest rate hikes by the Federal Reserve. Spot gold rose 0.1% to \$1,898.86 an ounce, while gold futures rose 0.2% to \$1,902.10 an ounce by 19:34 ET (00:34 GMT). Both instruments were set to rise nearly 2% this week.

In the Cryptocurrency Market, payment platform Wyre has lifted the 90% withdrawal limit it placed on its users earlier this week after securing additional funding. On Jan. 13, the San Francisco-based fintech firm announced that it had received financing from a "strategic partner" that allows it to continue the normal course of operations, including re-accepting deposits again. (Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0630	1.1090
GBP/USD	1.1995	1.2358
USD/ZAR	14.7546	18.7648
USD/AED	3.6625	3.6830
USD/JPY	127.11	131.95

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.