



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 14TH SEPTEMBER 2023

DOMESTIC NEWS

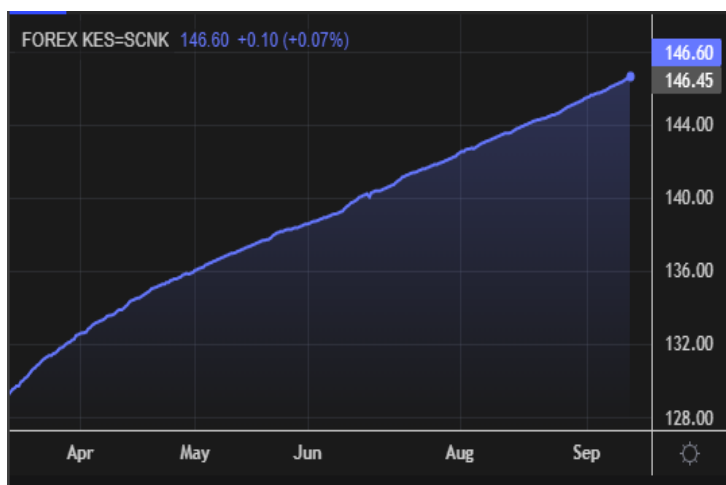
The Kenyan shilling weakened against the dollar on Wednesday, traders said, under pressure from demand by general goods importers and the manufacturing sector. Commercial banks quoted the shilling at 146.60/80 per dollar, compared with Tuesday's closing rate of 146.50/70.

The cost of essential goods and services is set to rise in a proposed review of taxation laws as the Ruto administration appears to buckle under decade-long pressure from the International Monetary Fund to drop blanket reliefs on consumption. Treasury Secretary Njuguna Ndung'u has disclosed a plan to stop the zero-rating of value-added tax (VAT) on the supply of tens of goods such as maize flour, cooking gas, ordinary bread, medicaments, agricultural pest control products, and animal feeds. The proposed review will also pressure the cost of essential supplies such as locally assembled mobile phones, motorcycles, electric bicycles, solar batteries and electric buses which are currently VAT zero-rated. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	142.70	154.20	142.70	153.95
GBP/KES	179.36	191.21	178.56	191.76
EUR/KES	152.79	166.19	153.09	167.59
AED/KES	35.94	48.94	37.94	49.44

	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	8.50%	1.50%
1 Month	9.00%	2.50%
3 Months	9.50%	3.25%
6 Months	9.75%	3.50%
1 year	10.00%	4.25%



USD movement from March 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar stabilized in early European trade Wednesday, as traders cautiously awaited the latest U.S. inflation data, while sterling weakened after the U.K. economy contracted by more than expected in July. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded just higher at 104.377, after falling to a one-week low on Monday. Still, volumes are likely to be thin Thursday ahead of the release of the U.S. consumer price index later in the session, as this could set the tone for next week's Federal Reserve meeting. The core CPI, which removes volatile food and energy prices, is expected to cool to 4.3% year-on-year in August from 4.7%, but soaring oil prices point to the headline annual figure climbing to 3.6%, from 3.2% the prior month. But inflation remaining sticky could point to the likelihood of further increases before the year ends.

Elsewhere GBP/USD fell 0.3% to 1.2452, with sterling hit by the news that the U.K. economy contracted by a larger-than-expected 0.5% in July, the biggest drop this year, instead of the monthly drop of 0.2% predicted. EUR/USD fell 0.1% to 1.0738, falling back from the one-week high of 1.0777 seen in the previous session. USD/JPY rose 0.1% to 147.27. USD/CNY fell 0.1% to 7.2854, with the yuan staying above 10-month lows amid continued supportive measures from the People's Bank of China.

In the commodities markets, Gold prices moved little in Asian trade on Thursday, steady near three-week lows and remaining under pressure from the dollar as data showed a bigger-than-expected increase in U.S. inflation. Spot gold rose 0.1% to \$1,910.09 an ounce, while gold futures expiring in December fell 0.1% to \$1,931.25 an ounce. Both instruments were close to their weakest levels since late-August.

On the other end Oil prices rebounded on Thursday as markets turned their attention back to a tighter crude supply outlook for the rest of 2023 with demand set to stay robust through to next year. Brent crude futures rose 36 cents, or 0.4%, to \$92.24 a barrel. U.S. West Texas Intermediate crude (WTI) climbed 35 cents, or 0.4%, to \$88.87. Elsewhere, the Organization of the Petroleum Exporting Countries (OPEC) on Tuesday retained its forecasts for robust growth in global oil demand in 2023 and 2024. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0543	1.0946
GBP/USD	1.2290	1.2695
USD/ZAR	16.7871	20.7925
USD/AED	3.6526	3.6936
USD/JPY	145.11	149.13