



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH JUNE 2023

DOMESTIC NEWS

The Kenyan shilling was slightly weaker on Wednesday due to increased demand for foreign currency from the manufacturing and energy sectors.

Commercial banks quoted the shilling at 139.60/80 per U.S. dollar, down marginally on Tuesday's close of 139.55/75.

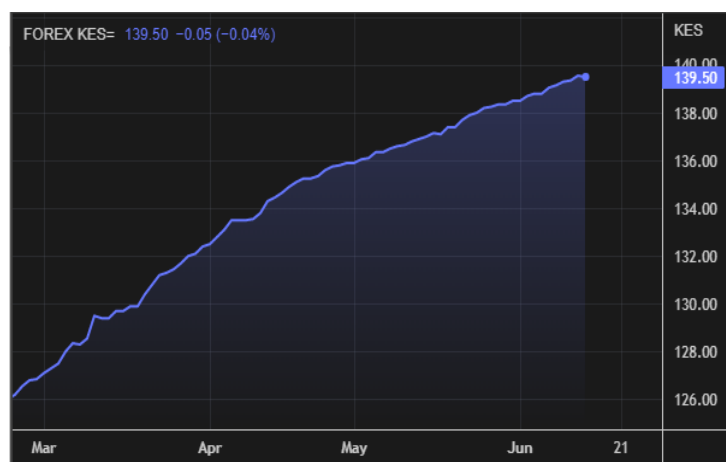
At 3pm today, Treasury Cabinet Secretary Njuguna Ndung'u will present the first budget under the Kenya Kwanza administration. The omnibus budget, estimated at Kes. 3.599 trillion and the largest in Kenya's history, will outline the government's spending plans for the financial year starting July 1.

On other local news, the Energy and Petroleum Regulatory Authority (Epra) has reduced the price of petrol by Kes. 0.66 per litre and diesel by Kes. 1.12 per litre for the fuel pricing cycle from June 15 to July 14. The price cut means that a litre of petrol will sell for Kes. 182.04 in Nairobi down from Kes. 182.70, while diesel will sell for Kes. 167.28 down from Kes. 168.40. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	135.70	147.20	135.70	146.95
GBP/KES	172.56	184.41	171.76	184.96
EUR/KES	146.12	159.52	146.42	160.92
AED/KES	34.04	47.04	36.04	47.54

Amounts > 10 million		Amounts >100,000	
KES		USD	
2 Weeks	8.00%	1.50%	
1 Month	8.50%	2.50%	
3 Months	9.00%	3.25%	
6 Months	9.25%	3.50%	
1 year	9.50%	4.25%	



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

INTERNATIONAL NEWS

The U.S. dollar slid on Wednesday after the Federal Reserve held interest rates steady, as expected, but signaled that borrowing costs will increase by another 50 basis points (bps) by end-December. The dollar index was last down 0.3% at 103.01 after hitting a four-week low of 102.66 in the session. The rate-setting Federal Open Market Committee (FOMC) in a unanimous policy statement issued at the end of its latest two-day meeting, said "holding the target (interest rate) range steady at this meeting allows the committee to assess additional information and its implications for monetary policy." While signaling more rate increases, Fed Chair Jerome Powell said in a press briefing that the U.S. central bank was not so far away from its target on the benchmark fed funds rate. U.S. central bank forecasts showed most policymakers believe they will need to tighten monetary policy further.

Elsewhere EUR/USD fell 0.1% to 1.0787 ahead of the release of the eurozone industrial production data for April, which is expected to show a recovery from the previous month's sharp fall. This comes a day ahead of the latest European Central Bank meeting, with a quarter-point hike widely expected to be announced. GBP/USD edged lower to 1.2608 after soaring 0.8% in the prior session and hitting the highest level since May 11. Data released Wednesday showed that U.K. gross domestic product grew by 0.2% month-on-month in April, as expected, but manufacturing and construction contracted. USD/CNY edged lower to 7.1657 while USD/JPY fell 0.1% to 140.13 ahead of Friday's Bank of Japan meeting, which is expected to result in the central bank keeping its ultra-easy policy settings.

In the commodities markets, Oil extended declines on Thursday after the previous day's plunge, as China's industrial output and retail sales growth in May missed forecasts, reinforcing concerns about a weak economic recovery in the world's top oil importer. Brent crude futures dipped 21 cents, or 0.3%, to \$72.99 a barrel. U.S. West Texas Intermediate (WTI) crude fell 20 cents, or 0.3%, at \$68.07 a barrel.

On the other end Gold prices fell on Thursday tracking mixed signals from the Federal Reserve, after the central bank kept rates steady but warned that it will likely hike at least two more times this year. Spot gold fell 0.2% to \$1,939.01 an ounce, while gold futures fell 0.2% to \$1,950.87 an ounce. The yellow metal reversed most intraday gains and settled flat on Wednesday following the Fed's decision. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0615	1.1019
GBP/USD	1.2450	1.2855
USD/ZAR	16.6491	20.6585
USD/AED	3.6527	3.6934
USD/JPY	138.08	142.12

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.