



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH JANUARY 2023

DOMESTIC NEWS

The Kenya shillings weakened on Friday hitting a new record low due to increased dollar demand from oil retailing companies and general goods importers. Commercial banks quoted the shillings at 123.80/124.00 per dollar compared with Thursdays closing rate of 123.70/90.

In other news, Tax receipts have softened to a single-digit growth ending what was a post-Covid-19 lift in domestic revenue mobilization.

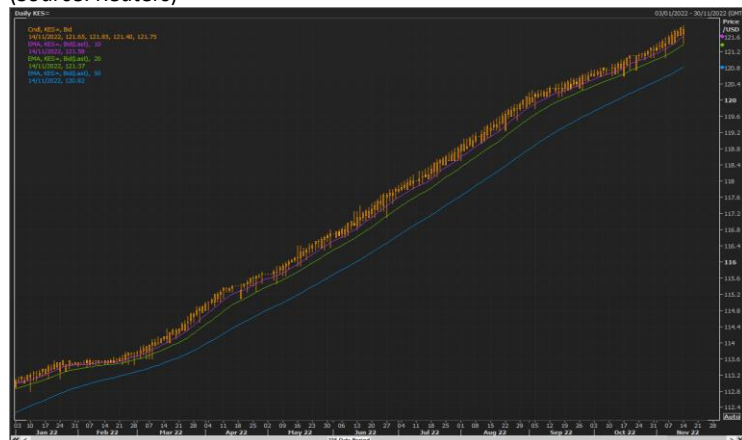
New data from the National Treasury actual revenues and net exchequer issues in six months to the end of December last year shows tax revenue grew by 9.6 per cent to Sh952.6 billion year over year from Sh868.8 billion a year prior in December 2021. The slowdown in collection reverses a 29 percent growth in tax receipts which was registered between July 2021 and December 2021 when tax receipts swung up to Sh868.8 billion from Sh673.6 billion in six months to December 2020. The double-digit growth in the tax receipts in the preceding half-year period was largely attributable to low-base effects as the Kenyan economy re-emerged from constraints brought about by restrictions to curb the spread of the Covid-19 pandemic including dusk to dawn curfews and the closure of bars and entertainment joints. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	120.00	131.50	120.00	130.50
GBP/KES	147.74	160.74	146.94	161.64
EUR/KES	129.52	143.42	129.82	146.32
AED/KES	29.76	42.76	31.76	39.76

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 dollar fell to a seven-month low against major peers on Monday while the yen surged to an over seven-month peak, as traders ramped up bets that the Bank of Japan may make further tweaks to its yield control policy at its meeting this week. The Aussie breached the key \$0.7000 level for the first time since August, and last gained 0.29% to \$0.6995, after rising as high as \$0.7019 earlier in the session.

Similarly, the euro hit a fresh nine-month top of \$1.0874, and was last 0.23% higher at \$1.08565. Against a basket of currencies, the U.S. dollar index slumped to a seven-month trough of 101.77, as the greenback extended its selloff from last week after data showed that U.S. consumer prices fell for the first time in more than 2-1/2 years in December. The index was last 0.3% lower at 101.95.

Oil prices fell on Monday after a sharp rally last week, as traders turned cautious and locked in some profits ahead of demand forecasts from the OPEC and the IEA, as well as a barrage of economic data due this week. Crude prices rallied over 8% last week on the prospect of a rebound in Chinese demand, after the country reopened its borders and essentially confirmed a pivot away from its strict zero-COVID policy. Weakness in the U.S. dollar, amid signs of slowing inflation in the country, also benefited oil prices.

Focus is now squarely on a monthly report from the Organization of Petroleum Exporting Countries (OPEC), due on Tuesday. Markets are waiting to see whether the cartel will change its forecasts for global demand in the face of a Chinese economic recovery.

Brent oil futures fell 0.5% to 85.09 a barrel, while West Texas Intermediate crude futures fell 0.6% to \$79.67 a barrel in early Asian trade. Market volumes are expected to be limited due to a U.S. holiday on Monday.

Gold prices steadied around recent peaks on Monday as investors locked in profits and exercised some caution ahead of a slew of major economic readings and central bank meetings from across the globe this week. The yellow metal rallied sharply in recent weeks on an increasing number of bets that the U.S. Federal Reserve will raise interest rates at a slower pace in the coming months, taking some pressure off non-yielding assets. Spot gold fell 0.1% to \$1,918.49 an ounce, while gold futures were steady at \$1,921.50 an ounce by 19:33 ET (00:33 GMT). Both instruments were close to their highest levels since May 2022. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0612	1.1025
GBP/USD	1.2006	1.2425
USD/ZAR	15.0124	19.0235
USD/AED	3.6625	3.6830
USD/JPY	126.58	130.25

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.