



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 18TH JULY 2023

### DOMESTIC NEWS

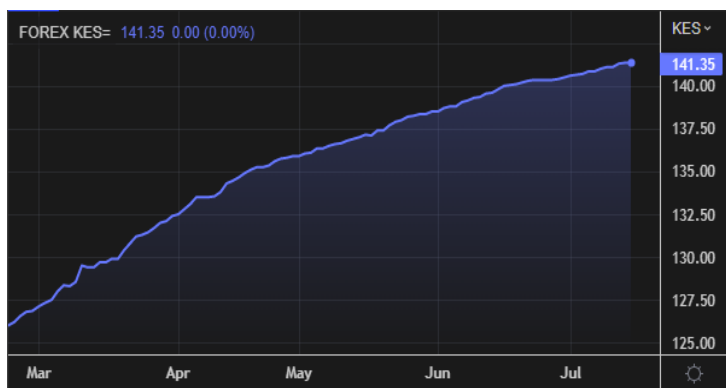
The Kenyan shilling edged lower on Monday in quiet trade, with one trader saying he expected foreign-currency demand from the energy and manufacturing sectors to pick up this week. Commercial banks quoted the shilling at 141.40/141.60 to the U.S. dollar, compared with 141.35/141.55 at Friday's close.

The slowdown in the US economy has opened an Sh8.6 billion hole in the flow of remittances into Kenya in the first half of the year. Fresh data from the Central Bank of Kenya (CBK) shows total diaspora remittances fell by 2.9 percent to Sh287.7 billion (\$2.033 billion) in six months to June from Sh296.3 billion (\$2.095 billion) a year earlier. Inflows from the US that represented 54 percent of the cash fell by 3.8 percent in the period to Sh163.1 billion (\$1.153 billion) from Sh169.6 billion (\$1.198 billion), contributing to the biggest nominal dip. The fall of the diaspora cash from the US has coincided with the tightening of monetary policy by the US Federal Reserve as part of measures combating inflation that has resulted in a tight economic cycle which had seen many economists in the country preempting the probability of a recession. (Business daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	137.55	149.05	137.55	148.80
GBP/KES	181.37	193.22	180.57	193.77
EUR/KES	154.39	167.79	154.69	169.19
AED/KES	34.54	47.54	36.54	48.04

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	9.75%	4.25%



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

### INTERNATIONAL NEWS

The dollar struggled to recover Monday after plunging to more than one-year lows last week as the bears look set to tighten their grip on the greenback, supported by growing bets for a less hawkish Federal Reserve as optimism that a soft landing for the economy is on horizon gathers pace. The U.S. dollar index, which measures the greenback against a trade-weighted basket of six major currencies, fell by 0.10% to 99.51, following a plunge to more than one-year low of 99.26 last week. The selloff in the greenback has coincided with a drop in Treasury yields on bets that the Fed's next rate hike, widely expected later this month, could be the final hike for this cycle.

Elsewhere EUR/USD rose 0.1% to 1.1238, with the euro continuing to find favor after jumping 2.4% last week to a 16-month high. The European Central Bank is widely expected to lift interest rates once more next week, with inflation levels in Germany, the largest economy in the euro one, rising in June to 6.8% on the year, when harmonized to compare with other European Union countries. GBP/USD edged lower to 1.3081, trading just below last week's 15-month peak, while USD/JPY fell 0.2% to 138.47, with the yen boosted by falling U.S. bond yields, ahead of the Bank of Japan's policy meeting next week. USD/CNY rose 0.5% to 7.1744 after data released earlier Monday showed China's second-quarter gross domestic product grew 0.8% from the prior quarter, a substantial slowing from the 2.2% seen in the prior quarter.

In the commodities markets, Oil prices edged higher in early trade on Tuesday after sinking in the previous session on weaker-than-expected Chinese economic growth, as investors eyed a possible tightening of U.S. crude supplies. Brent crude gained 11 cents to \$78.61 a barrel, while U.S. West Texas Intermediate crude rose 15 cents to \$74.30 a barrel.

On the other end Gold prices kept to a tight range on Tuesday, but appeared to have established a new support level amid persistent weakness in the dollar, while copper nursed sharp losses on concerns over major importer China. Spot gold steadied at \$1,955.32 an ounce, while gold futures rose 0.1% to \$1,958.65 an ounce. (Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1058	1.1462
GBP/USD	1.2900	1.3304
USD/ZAR	16.0049	20.0132
USD/AED	3.6526	3.6936
USD/JPY	136.32	140.35

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