



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH JANUARY 2023

DOMESTIC NEWS

The Kenya shillings was broadly stable on Wednesday but is expected to weaken on increased foreign currency demand from importers in sectors like energy and manufacturing. Commercial banks quoted the shillings at 124.00/124.20 per dollar compared to Tuesday's close of 123.95/124.15.

In other news locally, Treasury Cabinet Secretary Njuguna Ndung'u faces a growing headache in financing the national budget as the government continues to fall behind target in both its domestic borrowing plan and tax collection.

In the current fiscal year that started in July, the Treasury is targeting to borrow a net of Sh550.9 billion from the domestic market to help fill a budget hole of Sh849.2 billion, with the remaining Sh298.4 billion coming from external lenders. Estimates by analysts from NCBA indicate that by mid this month, the Treasury had managed to raise just 33 percent of the domestic borrowing target, versus a prorated target of at least 50 percent.

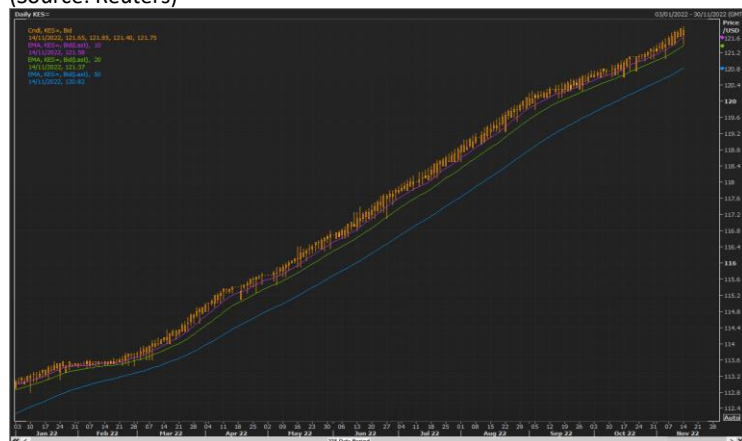
(Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	120.05	131.55	120.05	130.55
GBP/KES	148.97	161.97	147.50	162.87
EUR/KES	129.01	142.91	129.31	145.81
AED/KES	29.77	42.77	31.77	39.77

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 rose against major currencies on Wednesday in choppy trading, gaining safe-haven bids as risk appetite worsened with stocks on the defensive amid hawkish comments from U.S. Federal Reserve officials that suggested more interest rate increases are likely to tame inflation.

Analysts, however, remained convinced that the currency has already hit its peak and is in the midst of an overall downtrend.

The greenback earlier fell across board after a slate of weak economic data backed expectations that the Fed may be nearing a pause in its rate-hiking cycle.

In afternoon trading, the U.S. currency rose against the commodity-linked currencies such as the Australian, New Zealand, and Canadian dollars, which are sensitive to risk appetite. The Australian dollar fell 0.7% to US\$0.6936, after hitting its highest since August last year. The New Zealand dollar traded flat on the day at US\$0.6430. Earlier in the session, it rose to its highest level in a month. Against the Canadian dollar, the buck rose 0.8% to C\$1.3497.

In Europe, Sterling rose to a five-week high even as consumer price inflation fell to a three-month low as core CPI failed to moderate, remaining at 6.3%. The pound was last up 0.4% at \$1.2336. The euro was little changed \$1.0790 having posted sharp gains earlier after European Central Bank member Francois Villeroy de Galhau said it was too early to speculate about what the central bank would do at the March meeting.

In the commodities markets, Oil futures fell as much as \$1 on Thursday over recession fears as a sharp decline in U.S. retail sales and manufacturing output muddled the outlook for demand, while industry data showing a surprise jump in U.S. crude stocks also weighed on prices. Brent crude futures were last down 82 cents, or 1%, to \$84.16 a barrel at 0330 GMT, after losses of around 1% on Wednesday. U.S. West Texas Intermediate (WTI) crude futures also declined 90 cents, or 1.1%, to \$78.58 a barrel.

Gold prices recovered slightly from a two-day losing streak on Thursday amid growing uncertainty over a potential recession and the path of U.S. monetary policy, while copper prices were steady on growing optimism over a Chinese economic recovery. Spot gold rose 0.2% to \$1,907.60 an ounce, while gold futures rose 0.1% to \$1,909.15 an ounce by 19:16 ET (00:16 GMT). The yellow metal lost about 0.6% in the past two sessions, after touching an eight-month high earlier this week.

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0591	1.0992
GBP/USD	1.2130	1.2535
USD/ZAR	15.1335	19.1449
USD/AED	3.6626	3.6836
USD/JPY	125.25	129.95

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.