



DIB Bank Kenya

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TREASURY MARKET UPDATE 01ST AUGUST 2023

DOMESTIC NEWS

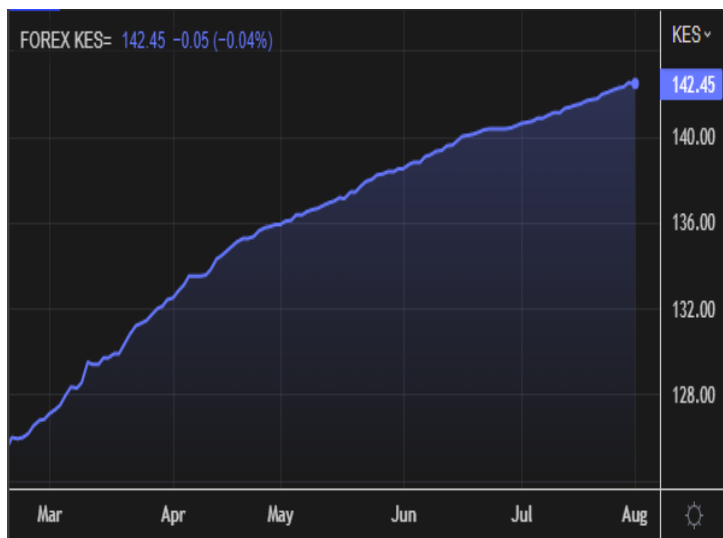
The Kenyan shilling was marginally weaker on Monday, with a weakening trend that has seen the currency hit repeated record lows since late 2021 firmly entrenched. Commercial banks quoted the shilling at 142.35/55 to the U.S. dollar, compared with Friday's closing rate of 142.30/50.

A new central bank bond trading platform that went live on Monday has granted retail investors in Kenya and abroad unprecedented access to attractive returns via the mobile phone, opening up a sector that has hitherto been the preserve of a small club of sophisticated and deep-pocketed investors. The Central Bank of Kenya's central securities depository, known as the CBK DhowCSD, started onboarding new investors on Monday. Its launch comes at a time government securities are giving double-digit returns compared to other asset classes such as equities, which are posting negative returns. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	138.55	150.05	138.55	149.80
GBP/KES	178.89	190.74	178.09	191.29
EUR/KES	151.73	165.13	152.03	166.53
AED/KES	34.81	47.81	36.81	48.31

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 edged higher in early European trade Monday, but is on course for a monthly loss as traders weigh up the possibility of an end to the Federal Reserve's tightening cycle, while the Japanese yen weakened in the wake of the Bank of Japan's monetary policy shift. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% higher at 101.570. The dollar has started the new week on a positive note but is still on course to register a monthly decline of roughly 1%, its second straight losing month. The U.S. Federal Reserve hiked interest rates last week, but expectations are growing that this could be the last increase of the central bank's aggressive year-long tightening cycle.

Elsewhere GBP/USD rose 0.1% to 1.2860, ahead of the Bank of England's policy meeting later this week, where expectations are for a quarter-point rate hike. EUR/USD edged lower to 1.1014, ahead of the release of key eurozone inflation and growth data after European Central Bank President Christine Lagarde hinted at a pause in its tightening cycle as soon as September. USD/CNY climbed 0.5% to 7.1482 after data showed that the country's manufacturing sector shrank for a fourth straight month in July, indicating that the world's second-largest economy was still struggling with a post-COVID recovery. USD/JPY rose 0.5% to 141.88, with the yen extending Friday's losses after a volatile session after the Bank of Japan widened its yield curve control policy, allowing the 10-year yield to move 0.5% around the 0% target.

In the commodities markets, Oil prices were little changed on Tuesday, trading near a three-month high reached on Monday, on signs of tightening global supply, as producers implement output cuts, and strong demand in the United States, the world's biggest fuel consumer. Brent crude futures for October were at \$85.25 a barrel at 0402 GMT, down 18 cents or 0.2% lower from its close. Front-month Brent settled at its highest since April 13 on Monday.

On the other end Gold prices edged lower on Tuesday, although futures remained largely ahead of spot rates, while copper prices were underpinned by growing expectations of more stimulus measures in China. Gold futures expiring in December fell 0.4% to \$2,002.25 an ounce, while spot gold fell 0.1% to \$1,964.14 an ounce. Both instruments logged strong gains in July, as the dollar retreated substantially on hopes of a less hawkish Fed. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0791	1.1193
GBP/USD	1.2626	1.3027
USD/ZAR	15.9089	19.9286
USD/AED	3.6526	3.6936
USD/JPY	140.74	144.76

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.