



DIB Bank Kenya

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TREASURY MARKET UPDATE 20TH JULY 2023

DOMESTIC NEWS

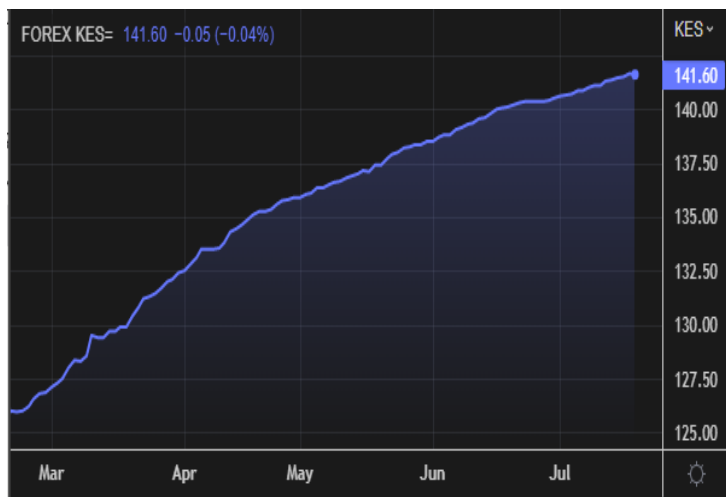
The Kenyan shilling eased slightly against the dollar on Wednesday, with one trader saying the market was subdued as businesses saw widespread disruption caused by tax-hike protests. Commercial banks quoted the shilling at 141.55/75 to the U.S. dollar, compared with 141.50/70 at Tuesday's close.

The International Monetary Fund (IMF) expects Kenya's official foreign exchange reserves to remain under pressure despite recent inflows including its own Sh58.8 billion disbursement. The multilateral lender has left its projection of gross international reserves in months of import cover largely unchanged with the buffer expected to close in 2023 at an equivalent of 3.3 months of import cover. The projection of FX reserves is nevertheless an improvement from an estimate of a flat three-month imports cover from December last year. IMF further expects the reserves to only rise marginally to an equivalent of 3.5, 3.7 and 3.8 months of import cover in 2024, 2025 and 2026 respectively. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	137.75	149.25	137.75	149.00
GBP/KES	179.47	191.32	178.67	191.87
EUR/KES	154.17	167.57	154.47	168.97
AED/KES	34.59	47.59	36.59	48.09

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 U.S. dollar bounced on Wednesday after inflation in the United Kingdom cooled more than economists expected in June, sending the pound sharply lower against other major currencies. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% higher at 99.858, after falling Tuesday as low as 99.362, its lowest since April 2022. The dollar bounced overnight after the release of U.S. retail sales data for June. Although the headline figure rose less than expected in June, the May number was revised higher, and core sales showed more resilience, suggesting continued consumer resilience. The release did not change expectations that the Federal Reserve would resume raising interest rates this month after keeping them unchanged in June.

Elsewhere GBP/USD slumped 0.7% to 1.2945 after British annual consumer price inflation fell to 7.9% in June, from May's 8.7%, and below the expected 8.2%. EUR/USD fell 0.3% to 1.1198, falling back 1.1276, the highest since Feb. 2022, that the pair hit during the previous session. The final reading of the June eurozone CPI is also due later in the session and is expected to confirm that inflation rose 5.5% on the year last month, a drop from 6.1% the prior month. USD/JPY rose 0.3% to 139.62 ahead of the Bank of Japan's policy meeting next week, after dropping to 137.25 on Friday, the lowest since May 17. AUD/USD fell 0.5% to 0.6781, while USD/CNY traded 0.5% higher to 7.2171, with the yuan continuing to struggle after data showed that a Chinese economic recovery slowed substantially in the second quarter.

In the commodities markets, Oil prices steadied in Asian trade on Thursday, coming under pressure from concerns over sluggish U.S. summer demand and economic weakness in China, while a recovery in the dollar also weighed. Crude prices marked wild swings this week as markets weighed weak Chinese economic data, the prospect for more stimulus measures in the country, and mixed readings on U.S. inventories.

On the other end Gold prices rose in Asian trade on Thursday, hitting an over two-month high as weak UK inflation data fed more bets that global interest rates were close to peaking, while some weakness in the dollar also helped. Spot gold rose 0.4% to \$1,984.68 an ounce, while gold futures rose 0.4% to \$1,987.25 an ounce. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.1020	1.1424
GBP/USD	1.2741	1.3144
USD/ZAR	15.8294	19.8521
USD/AED	3.6524	3.6934
USD/JPY	137.32	141.33

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.