



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH SEPTEMBER 2023

DOMESTIC NEWS

Kenya's shilling was stable on Tuesday, although it was expected to weaken due to pent up demand for dollars, especially from fuel retailing companies. Commercial banks quoted the shilling at 147.00/20 per dollar, compared with Monday's closing rate of 146.95/147.15.

Kenya has extended an oil supply deal with three Gulf-based companies, which is designed to manage demand for dollars, the energy regulator said on Tuesday. "There was an extension up to December 2024 so this is basically arising out of negotiations that have been happening to drive down the freight and the premium (costs)," said Daniel Kiptoo, the head of the Energy and Petroleum Regulatory Authority (EPRA). It also comes with 180-day credit terms, allowing the country to build up dollars for the purchase over time, rather than requiring about \$500 million every month to pay for imports.

(Reuters)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	143.10	154.60	143.10	154.35
GBP/KES	178.25	190.10	177.45	190.65
EUR/KES	152.19	165.59	152.49	166.99
AED/KES	36.05	49.05	38.05	49.55

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 July 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar edged higher against a basket of currencies on Tuesday as traders awaited a raft of central bank interest rate decisions this week, including one by the Federal Reserve today Wednesday. The dollar index, which measures the currency against six major counterparts, was up 0.05% at 105.13, not far from the six-month high of 105.43 touched on Thursday. The index rose for its ninth straight week last week, its longest winning streak in nearly a decade. Resilient U.S. growth has fueled a rebound in the dollar in recent weeks though the rally will likely be tested by a gauntlet of data and Wednesday's Fed interest rate decision. The main economic data due Tuesday comes from the real estate sector, with housing starts for August expected to come in at an annualized 1.44 million, while building permits are also expected to be 1.44 million.

Elsewhere EUR/USD fell 0.1% to 1.0680, with the euro handing back some of the previous session's gains after European Central Bank policymakers pushed back on the idea that a rate cut may soon be on the cards. GBP/USD fell 0.1% 1.2374 ahead of Thursday's Bank of England meeting. The central bank is expected to deliver another rate hike, but with the U.K. economy cooling this could prove to be the last in its current tightening cycle. USD/JPY rose 0.1% to 147.80, with Friday's Bank of Japan meeting in focus after Governor Kazuo Ueda last week stoked speculation of an imminent move away from ultra-loose policy. AUD/USD edged higher to 0.6436, after the minutes of the Reserve Bank of Australia's last meeting showed it considered raising rates by 25 basis points, before eventually deciding to hold rates unchanged.

In the commodities markets, Oil prices retreated further from 10-month highs on Wednesday ahead of the U.S. Federal Reserve's interest rate decision, with investors uncertain when peak rates will be hit and how much of an impact it will have on energy demand. Global benchmark Brent crude futures fell slightly over \$1 to \$93.33 a barrel, and were last down 80 cents, or 0.8%, at \$93.54 a barrel. Brent hit \$95.96 on Tuesday, its highest since November.

On the other end Gold prices fell slightly on Wednesday as traders kept clear of big bets before an interest rate decision from the Federal Reserve later in the day, with a recent rise in inflation brewing concerns over a potentially hawkish outcome. Spot gold fell 0.1% to \$1,930.22 an ounce, while gold futures expiring in December fell 0.1% to \$1,950.95 an ounce.

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0479	1.0881
GBP/USD	1.2187	1.2592
USD/ZAR	16.9358	20.9455
USD/AED	3.6524	3.6934
USD/JPY	145.10	149.30

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.