



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 23<sup>rd</sup> MARCH 2023

### DOMESTIC NEWS

The Kenyan shilling lost ground on Wednesday as elevated foreign exchange demand from energy importers and manufacturers continued to pressure the local currency. Commercial Banks quoted the shilling at 130.80/131.00, compared to Tuesday's close of 130.30/50.

Traders have failed to secure maize imports from the overseas market on the back of high international prices that have made it difficult to ship in the produce at the government-restricted price of Sh4,200 for a 90-kilogramme bag. A tonne of maize at the international market has topped \$420 (Sh54,978) a tonne, translating to Sh6,000 for a 90-kilo bag when it lands in the country, putting traders at a crossroads over importation given that they had signed an agreement with the government for produce to land in the country at Sh4,200. (Business daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	126.00	141.00	126.00	140.50
GBP/KES	155.30	168.30	154.50	169.20
EUR/KES	134.34	148.24	134.64	151.14
AED/KES	31.40	44.40	33.40	44.90

	Amounts > 10 million		Amounts >100,000	
	KES		USD	
2 Weeks	7.50%		1.50%	
1 Month	7.50%		2.50%	
3 Months	8.00%		3.25%	
6 Months	8.50%		3.50%	
1 year	9.00%		4.25%	



USD movement from December 2022 - Date (Source: Reuters)

### INTERNATIONAL NEWS

The dollar tumbled to a near seven-week low on Wednesday after the Federal Reserve hiked interest rates as expected, although some language in the central bank's announcement suggested that interest rates may be close to reaching their peak. The dollar index fell about 0.7% against a basket of currencies to 102.185 points - its weakest level since early-February. The Fed hiked rates by 25 basis points to 4.75%-5%, within market expectations. But a change in the bank's language signalled a potential policy shift, which could see the bank hit its terminal rate sooner than expected.

Elsewhere the euro hit its highest level in over a month on Wednesday after European Central Bank officials warned that inflation pressure is still too strong to allow any talk of loosening policy in the near term. The euro was at \$1.0790, just off an intraday peak of \$1.08. The Australian dollar rose 0.29% versus the greenback to \$0.669, while New Zealand's kiwi rose 0.57% versus the greenback to \$0.623.

In the commodities markets, gold prices rose on Thursday, hovering below the key \$2,000 level amid expectations that the Federal Reserve will have limited headroom to hike interest rates further, which also pulled the dollar lower. Spot gold rose 0.3% to \$1,974.58 an ounce, while gold futures jumped 1.4% to \$1,976.85 an ounce by 22:31 ET (02:31 GMT). Both instruments rose sharply after the Fed decision on Wednesday. Copper futures jumped 0.8% to \$4.0690 a pound.

On the other end Oil prices fell on Thursday following three sessions of gains, after Federal Reserve Chair Jerome Powell highlighted banking sector credit risks for the world's largest economy, while U.S. crude stocks rose more than expected. Brent crude futures fell 66 cents, or 0.9%, to \$76.03 a barrel by 0420 GMT, while U.S. West Texas Intermediate crude (WTI) dropped 74 cents, or 1.0%, to \$70.16. Crude inventories rose by 1.1 million barrels in the week to March 17 to 481.2 million barrels, the highest since May 2021. Analysts in a Reuters poll had expected a 1.6-million-barrel drop. (Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0707	1.1108
GBP/USD	1.2126	1.2532
USD/ZAR	16.1367	20.1522
USD/AED	3.6524	3.6934
USD/JPY	128.68	132.70

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.