



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD MAY 2023

DOMESTIC NEWS

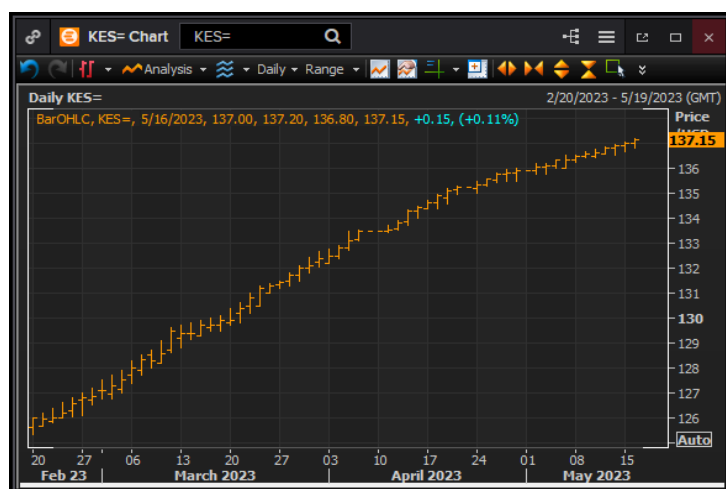
The Kenya's shilling weakened on Monday, as demand for dollars from oil retailers persisted. The shilling has lost about 10.40% against the dollar this year. Commercial Banks quoted the shilling at 137.60/80 per dollar compared to Friday's close of 137.55/75.

Kenyan Eurobond yields have eased significantly since peaking earlier this month despite an adverse credit downgrade by Moody's Investor Service. The ease in yields implies the country could access external financing at more favorable costs if it is to return to the international capital markets. Data from the Central Bank of Kenya (CBK) shows yields on Kenyan Eurobonds have taken a steady downward trajectory with rates on the 10-year Eurobond maturing next June, for instance, easing by 5.5 percentage points in just two weeks. The paper which represents Kenya's debut Eurobond, for instance, had a yield of 15.371 percent as of May 18 compared to 20.895 percent on May 2. (Business daily)

Indicative Forex Rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 133.80 | 145.30 | 133.80 | 145.05 |
| GBP/KES | 167.36 | 179.21 | 166.56 | 179.76 |
| EUR/KES | 144.06 | 157.46 | 144.36 | 158.86 |
| AED/KES | 33.52 | 46.52 | 35.52 | 47.02 |

| 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 January 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar edged lower in early European trade Monday amid uncertainty surrounding the U.S. debt ceiling negotiations and Comments from Fed Chair Jerome Powell on Friday that tighter credit conditions could mean fewer rate hikes pulled the greenback off its highs. The dollar index, which tracks the greenback against a basket of six other currencies, dropped 0.1% to 103.020, having retreated from last week's 103.63 high, a level last seen on March 20. The dollar received a blow late last week as negotiations over the potential raising of the U.S. debt ceiling, and thus avoiding a very damaging default, suddenly broke down with Republicans walking out of the meeting.

Elsewhere EUR/USD rose 0.1% to 1.0819, continuing Friday's bounce from a seven-week low ahead of speeches from European Central Bank officials Luis de Guindos and Philip Lane. GBP/USD traded largely flat at 1.2438, just above last week's three-week low, AUD/USD fell 0.2% to 0.6633, while USD/JPY fell 0.1% to 137.85, with the Japanese yen helped by the potential for a pause in U.S. interest rate hikes. USD/CNY rose 0.2% to 7.0225, with the yuan remaining above the psychologically important 7 level even after U.S. President Joe Biden flagged a potential improvement in Sino-U.S. relations.

In the commodities markets, Oil prices continued to climb on Tuesday with investors expecting a tighter market led by a seasonal rise in gasoline demand and supply cuts from OPEC+ producers, though concerns over the risk of a U.S. debt default capped gains. Brent crude futures rose 28 cents, or 0.37%, to \$76.27 a barrel by 0320 GMT while U.S. West Texas Intermediate (WTI) crude was at \$72.36 a barrel, up 31 cents, or 0.43%.

On the other end Gold prices ticked lower on Tuesday, negating a short-lived recovery as markets remained focused on negotiations over raising the U.S. spending limit, while copper steadied after logging steep losses in recent sessions. Positive comments from Democrat and Republican lawmakers overreaching a potential deal also kept safe haven demand for the yellow metal limited, as House Speaker Kevin McCarthy said that a U.S. default was unlikely. (Reuters)

Indicative Cross Rates

| | Bid | Offer |
|---------|---------|---------|
| EUR/USD | 1.0607 | 1.1010 |
| GBP/USD | 1.2234 | 1.2638 |
| USD/ZAR | 16.3865 | 20.3970 |
| USD/AED | 3.6516 | 3.6926 |
| USD/JPY | 135.66 | 139.71 |

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