



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 24TH MAY 2023

DOMESTIC NEWS

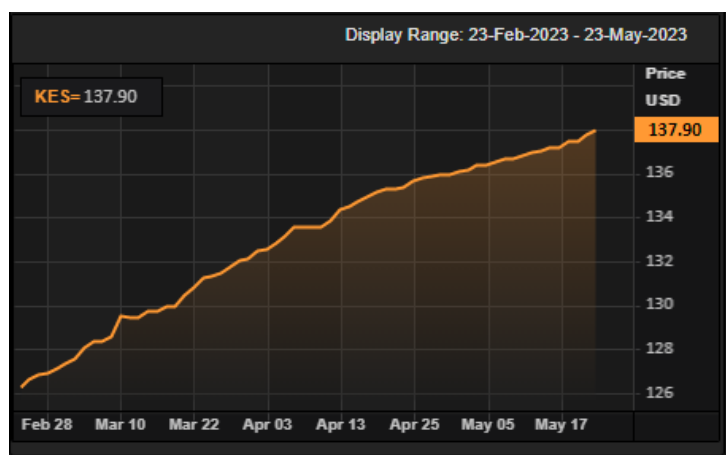
Kenya's shilling weakened to a fresh low on Tuesday, as importer demand for dollars continued to weigh on the currency. Commercial banks quoted the shilling at 137.85/138.05 per dollar, compared to Monday's close of 137.80/138.00. The shilling was initially expected to benefit from the oil import deals that the government signed with companies in the United Arab Emirates and Saudi Arabia in March, but that sentiment has quickly dissipated. The deals were meant to address the fall of the shilling by putting in place a longer credit period to stagger demand for dollars.

Kenya will receive an additional Sh162.5 billion under the 38-month program that it has with the International Monetary Fund (IMF) after President William Ruto showed a firm commitment to implement the stringent tax policies agreed with the Washington-based global lender. This means that Nairobi will receive Sh484.9 billion (\$3.52 billion) in loans after it requested two additional credit facilities, bolstering its efforts at replenishing the foreign exchange reserves. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	134.00	145.50	134.00	145.25
GBP/KES	167.53	179.38	166.73	179.93
EUR/KES	143.86	157.26	144.16	158.66
AED/KES	33.58	46.58	35.58	47.08

	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 hit a two-month high against a basket of currencies on Tuesday as a lack of progress in talks over increasing the U.S. debt limit hurt investors' appetite for risk-taking. Representatives of President Joe Biden and congressional Republicans ended another round of debt ceiling talks on Tuesday with no signs of progress as the deadline to raise the government's \$31.4 trillion borrowing limit or risk default ticked closer. Meanwhile, better-than-expected economic data and hawkish comments from regional Fed presidents including James Bullard and Neel Kashkari brought the possibility of further rate increases, also supporting the greenback. The dollar index, which measures the U.S. currency against a basket of major peers, reached 103.65, the highest since March 20, and was last at 103.55.

Elsewhere EUR/USD traded largely flat at 1.0813 ahead of the release of the preliminary May PMI data for the euro zone, which is expected to show a strong services sector supporting lackluster manufacturing. The European Central Bank still needs to raise its interest rates further to bring inflation down to its medium-term goal of 2%, ECB policymaker Pablo Hernández de Cos said on Monday. GBP/USD fell 0.1% to 1.2426, with flash PMI figures also expected in the U.K., while the risk-sensitive AUD/USD traded largely flat at 0.6653 even as positive purchasing managers index data pointed to some resilience in the economy. USD/JPY fell 0.1% to 138.52, after earlier climbing to a near six-month peak in Asia trade, reflecting the stark contrast between a still-hawkish Fed and an ultra-dovish Bank of Japan.

In the commodities markets, Oil prices gained over \$1 on Wednesday after U.S. inventories and fuel supplies tightened and as a warning from the Saudi energy minister to speculators raised the prospect of further OPEC+ output cuts. Brent crude futures last rose 68 cents, or 0.9%, to \$77.52 a barrel by 0330 GMT, while the U.S. West Texas Intermediate crude (WTI) gained 75 cents, or 1%, to \$73.66 a barrel.

On the other end Gold prices kept to a tight trading range on Wednesday as markets awaited some progress in negotiations over raising the U.S. debt ceiling, while copper prices hit six-month lows on signs of a slowdown in global manufacturing activity. Spot gold was flat at \$1,975.63 an ounce, while gold futures rose 0.1% to \$1,977.45 an ounce. Copper futures rose 0.2% to \$3.6452 a pound on Wednesday, hovering around their lowest levels since late-November. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0580	1.0983
GBP/USD	1.2235	1.2638
USD/ZAR	17.1960	21.2059
USD/AED	3.6519	3.6929
USD/JPY	136.41	140.43

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.