



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 25TH MAY 2023

### DOMESTIC NEWS

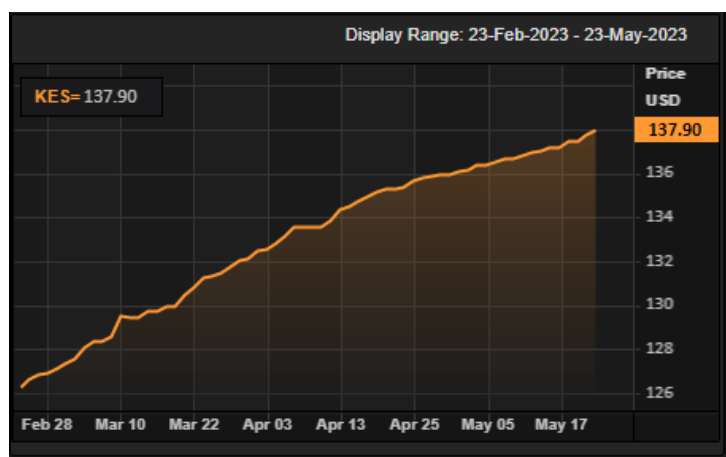
Kenya's shilling weakened on Wednesday, as demand for the safe-haven dollar from oil importers and manufacturing industry weighed on the currency. Commercial banks quoted the shilling at 138.00/138.20 per dollar, compared to Tuesday's close of 137.80/138.00.

Kenya will need at least Sh469 billion for commercial oil production in the Turkana wells if it is to realize its petrodollar dream amid the exits of exploration firms. After a nine-year wait, the country now hopes to start large-scale production of between 80,000 and 120,000 barrels daily in three years. Energy Cabinet secretary Davis Chirchir told the Senate on Wednesday that Kenya needs Sh469.5 billion (\$3.4 billion) to develop infrastructure at the South Lokichar basin – which has estimated oil reserves of 504 million barrels – before production starts. This includes investments to get the product to the market, including drilling commercial wells, tankage in Turkana and a refinery or pipeline to Mombasa. (Business daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	134.10	145.60	134.10	145.35
GBP/KES	166.44	178.29	165.64	178.84
EUR/KES	143.39	156.79	143.69	158.19
AED/KES	33.61	46.61	35.61	47.11

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 dollar hit a fresh two-month high against a basket of peers on Wednesday, bolstered by recent signs of a resilient U.S. economy, while unease over U.S. debt ceiling talks kept investors moving to safe havens. The dollar is not seen posing an immediate risk, unlike certain Treasury securities, even though the debt ceiling impasse in Washington could lead to a default and push the U.S. economy into recession, analysts said. The dollar index, which tracks the U.S. currency against six major peers, earlier hit 103.91, its highest since March 20. The index last rose 0.319% at 103.86.

Elsewhere EUR/USD rose 0.1% to 1.0780 ahead of the release of the widely watched German Ifo business climate index for May, which is expected to show a slight deterioration in confidence in Europe's largest economy. GBP/USD climbed 0.3% to 1.2452, bouncing off Tuesday's one-month low, after U.K. headline CPI fell by less than expected to 8.7% in April from March's 10.1%, while core inflation, which excludes volatile energy and food prices, rose to 6.8% - the highest rate since March 1992. The Bank of England lifted interest rates by 25 basis points earlier this month, and these numbers are likely to reinforce expectations that the central bank will be forced to raise interest rates again in June. USD/JPY edged higher to 138.64, having reached a six-month high overnight, the risk-sensitive AUD/USD fell 0.4% to 0.652.

In the commodities markets, Oil prices were little changed on Thursday as uncertainty over whether the United States will avoid a debt default weighed against the prospect of further OPEC+ production cuts. Brent crude futures eased 1 cent to \$78.35 a barrel by 04290 GMT. U.S. West Texas Intermediate crude (WTI) fell 11 cents, or 0.2%, to \$74.23.

On the other end Gold prices hovered near two-month lows on Thursday as markets remained on edge over raising the U.S. debt limit, while copper prices fell further amid concerns over slowing economic growth and a weak outlook for demand. Spot gold rose slightly to \$1,959.09 an ounce, while gold futures fell 0.2% to \$1,959.70 an ounce. Both instruments were trading close to their lowest levels since early-April. (Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0534	1.0938
GBP/USD	1.2144	1.2547
USD/ZAR	17.3317	21.3386
USD/AED	3.6517	3.6927
USD/JPY	137.55	141.57

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.