TREASURY MARKET UPDATE 25TH SEPTEMBER 2023

DOMESTIC NEWS

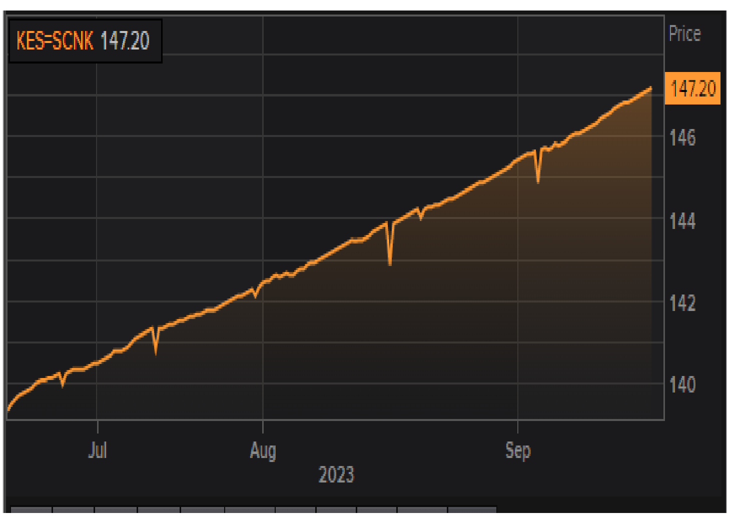
Kenya's shilling was steady on Friday. It was expected to weaken due to increased demand for dollars from general goods importers that was outpacing inflows from remittances and non-governmental organizations. commercial banks quoted the shilling at 147.35/55 per dollar, compared with Thursday's closing rate of 147.30/50.

The weakening of the Kenyan shilling against major global currencies has lifted the salaries of expatriates and made it easier for them to settle their expenses on the back of cooling inflation, increasing the attractiveness of Nairobi for them. The Kenyan currency has steadily weakened against major world currencies since the year opened, hitting a record low of 147.36 to the dollar from 123.37 in January, reflecting a 19.4 percent depreciation that has handed an advantage to expatriates. Kenya's annual inflation has dropped for the third straight month to end August at 6.7 percent—the lowest in 17 months.
(Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	143.40	154.90	143.40	154.65
GBP/KES	176.46	188.31	175.66	188.86
EUR/KES	152.07	165.47	152.37	166.87
AED/KES	36.13	49.13	38.13	49.63

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 US Dollar Index recorded its tenth consecutive weekly gain, ending around 105.50. The DXY continues to trend upward, supported by US economic data and the recent Federal Reserve (Fed) meeting. During the FOMC meeting, interest rates were left unchanged in the range of 5.25% to 5.50%. In terms of macroeconomic projections, most members still see the possibility of further rate hikes later this year. Economic data in the US showed mixed results, with housing data coming in weaker while Jobless Claims dropped to the lowest level since January. Next week, the key focus in the US will be on Friday's release of the Fed's preferred measure of consumer inflation, the Core Personal Consumption Expenditure (PCE) Price Index. It is expected to show a decline from an annual rate of 4.2% to 3.9%. The third estimate of Q2 GDP will be released on Thursday.

Elsewhere GBP/USD declined for the third consecutive week, reaching its lowest level since March at 1.2232, before closing around 1.2260. The pair has strong support around 1.2200. EUR/GBP surged from below 0.8600 to 0.8700, marking its biggest weekly gains since February. EUR/USD finished the week near 1.0650 after hitting fresh monthly lows at 1.0614. AUD/USD continued to trade within a range between 0.6500 and 0.6350. Australia will release the Monthly Consumer Price Index on Wednesday, with the annual rate expected to rebound from 4.9% in July to 5.2% in August.

In the commodities markets, Oil prices rose on Monday as investors focused on a tighter supply outlook after Moscow issued a temporary ban on fuel exports while remaining wary of further rate hikes that could dampen demand. Brent crude futures climbed 32 cents, or 0.3%, to $93.59 a barrel after settling 3 cents lower on Friday. U.S. West Texas Intermediate crude futures extended gains for a second session, trading at $90.27 a barrel, up 24 cents, or 0.2%.

On the other end Gold prices fell slightly on Monday, seeing continued weakness after the Federal Reserve warned that interest rates will remain higher for longer, with strength in the dollar and yields also applying pressure. Spot gold fell 0.1% to $1,924.06 an ounce, while gold futures expiring in December fell 0.1% to $1,943.30 an ounce. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0443	1.0846
GBP/USD	1.2038	1.2441
USD/ZAR	16.7628	20.7754
USD/AED	3.6526	3.6936
USD/JPY	146.35	150.38