



DIB Bank Kenya

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TREASURY MARKET UPDATE 26TH JULY 2023

DOMESTIC NEWS

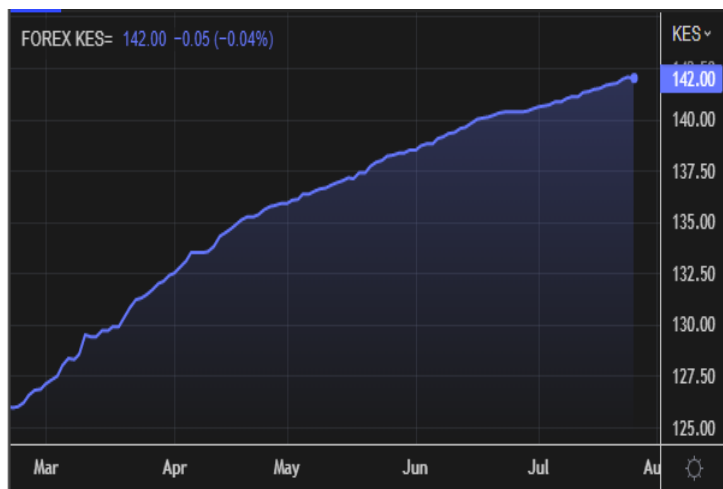
Kenya's shilling was broadly steady on Tuesday, although it was expected to weaken again soon on increased dollar demand from the manufacturing and energy sectors especially. Commercial banks quoted the shilling at 141.90/142.10 to the U.S. dollar, compared with Monday's closing rate of 141.95/142.15.

Kenya's official foreign exchange reserves have climbed to 11-month high following recent disbursements in external financing. New data from the Central Bank of Kenya (CBK) show the largely dollar-denominated cover rose to Sh1.12 trillion (\$7.885 billion) last week or an equivalent 4.31 percent to reach the highest level since late August 2022. The rise in the official reserves has coincided with recent disbursement from external financing including the approval of Sh59 billion (\$415.4 million) by the IMF. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	138.20	149.70	138.20	149.45
GBP/KES	179.42	191.27	178.62	191.82
EUR/KES	152.37	165.77	152.67	167.17
AED/KES	34.72	47.72	36.72	48.22

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 March 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

The dollar was flat against a basket of its major peers on Tuesday, as investors hope a trio of central bank meetings this week will provide guidance on the outlook for monetary policy. Signs of an extremely resilient U.S. economy helped the currency recover from a recent 15-month low, as well as persistent weakness in Europe. U.S. consumer confidence increased to a two-year high in July amid a persistently tight labor market and receding inflation, bolstering the economy's prospects in the near term. Still, the economy is not out of the woods, with the survey from the Conference Board on Tuesday offering mixed signals. Consumers remain fearful of a recession over the next year following hefty interest-rate hikes from the U.S. Federal Reserve. The dollar index fell 0.108% to 101.280, after hitting a two-week peak earlier of 101.65.

Elsewhere EUR/USD rose 0.2% to 1.1083, rebounding after slumping to a two-week low of 1.1059 earlier in the session after Monday's weak eurozone business activity data for July. The widely watched German Ifo business climate index is due later in the session and is expected to show a weakening in confidence in the eurozone's most important economy. GBP/USD rose 0.2% to 1.2858, USD/JPY rose 0.1% to 141.54, ahead of a Bank of Japan meeting later in the week, AUD/USD rose 0.4% to 0.6764, helped by the positive tone emanating from China given the Aussie dollar often acts as a yuan proxy.

In the commodities markets, Oil prices eased on Wednesday off three-month highs as industry data showed a stock build in U.S. crude inventories and investors remained cautious ahead of a likely Fed rate hike. Brent crude futures slipped 46 cents, or 0.55%, to \$83.18 a barrel, while U.S. West Texas Intermediate (WTI) crude was at \$79.18 a barrel, down 45 cents, or 0.57%.

On the other end Gold prices kept to a tight range on Wednesday before the conclusion of a Federal Reserve meeting later in the day, while copper prices pulled back slightly after vows of more Chinese stimulus sparked strong gains. Spot gold was flat at \$1,965.56 an ounce, while gold futures expiring in August rose 0.2% to \$1,966.75 an ounce. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0856	1.1260
GBP/USD	1.2697	1.3199
USD/ZAR	15.5523	19.5683
USD/AED	3.6524	3.6934
USD/JPY	138.97	143.00

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.