



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 26<sup>TH</sup> JUNE 2023

### DOMESTIC NEWS

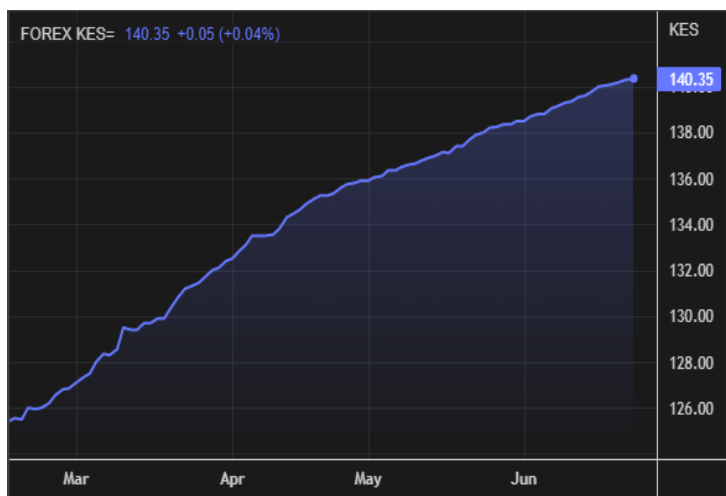
Kenyan shilling traded stable against the dollar on Friday, with inflows of foreign exchange from aid agencies propping up the local unit in a quiet session. Commercial banks quoted the shilling at 140.35/55 per dollar, compared with Thursday's closing rate of 140.30/50.

A surprise bond issued on Tuesday targets raising billions to pay part of the Sh45.8 billion debt owed to oil marketers carried forward from the fuel subsidy scheme that the government discontinued. The government intends to raise Sh17.5 billion in the first tranche of the three-year bond that closes Friday. The interest rate is 14.22 percent. The second tranche of the remaining Sh28 billion bond will be issued in the second week of next month, with the government admitting that it was forced to split the bond due to the Exchequer's thinning fiscal space in the financial year ending this month. (Business daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	136.45	147.95	136.45	147.70
GBP/KES	174.81	186.66	174.01	187.21
EUR/KES	148.22	161.62	148.52	163.02
AED/KES	34.24	47.24	36.24	47.74

	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	8.00%	1.50%
1 Month	8.50%	2.50%
3 Months	9.00%	3.25%
6 Months	9.25%	3.50%
1 year	9.50%	4.25%



USD movement from March 2023 – Date (Source: Reuters)

### INTERNATIONAL NEWS

The dollar rose against the euro on Friday after dismal business activity data from around the globe soured risk sentiment and as hawkish comments from central banks added to pressure on riskier currencies. U.S. business activity fell to a three-month low in June as services growth eased for the first time this year and the contraction in the manufacturing sector deepened, closely watched survey data out Friday showed. The dollar index, which measures the currency against six rivals, rose 0.49% to 102.89. The overall picture, though, indicated U.S. economic growth ticked up a notch in the second quarter even as worries persist that the Federal Reserve's aggressive interest rate increases over the past year will trigger a recession.

Elsewhere GBP/USD fell 0.3% to 1.2706, struggling having jumped briefly in the wake of Thursday's rate increase of 50 basis points by the Bank of England to a near one-year high. While higher interest rates are typically supportive of currencies, the risk that they will result in a recession in the U.K. has hit the pound and pushed some investors to seek safe-haven assets like the U.S. dollar. The British currency has come under pressure from rising expectations the UK economy could slip into recession after the Bank of England on Thursday delivered an outsized rate hike in response to persistent inflation. EUR/USD dropped 0.3% to 1.0930, ahead of the release of the region's purchasing managers' index surveys. AUD/USD fell 0.9% to 0.6694, while USD/JPY climbed 0.2% to 143.37, despite core CPI in Japan jumping to a 42-year high during the month of May, indicating that underlying Japanese inflation remained heated.

In the commodities markets, Oil prices rose on Monday after a revolt by Russian mercenaries over the weekend raised concerns about political instability in Russia and the potential impact on oil supply from one of the world's largest producers. Brent and U.S. West Texas intermediate crude (WTI) futures were both up 0.4% on Monday, paring some gains after rising as much as 1.3% in early Asian trade. Brent was trading 27 cents higher at \$74.12 a barrel, while WTI was up 28 cents at \$69.44 a barrel.

On the other end Gold Brent and U.S. West Texas intermediate crude (WTI) futures were both up 0.4% on Monday, paring some gains after rising as much as 1.3% in early Asian trade. (Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0708	1.1111
GBP/USD	1.2536	1.2940
USD/ZAR	16.7291	20.7345
USD/AED	3.6524	3.6934
USD/JPY	141.38	145.38

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.