



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 27TH JUNE 2023

DOMESTIC NEWS

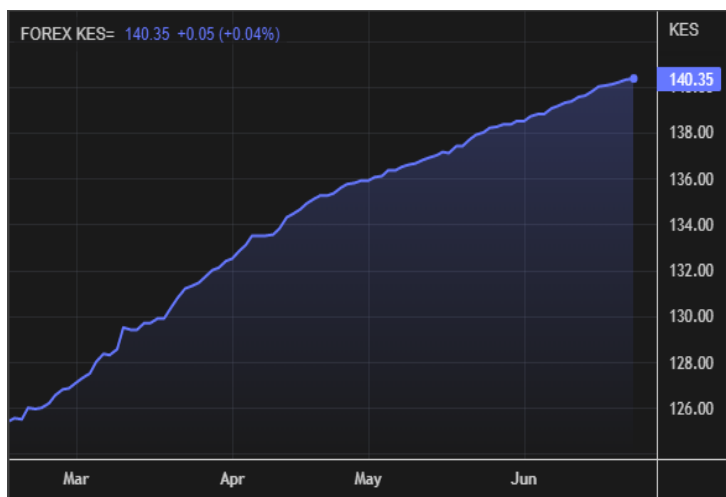
Kenya's shilling was stable on Monday and traders said it was expected to weaken due to demand for dollars from general goods importer that would outstrip inflows. Commercial banks quoted the shilling at 140.35/55 per dollar, unchanged from Friday's closing rate.

After just one week in office, the new Central Bank of Kenya (CBK) Governor Kamau Thugge called a policy-making meeting on Monday that increased the benchmark lending rate to the highest point in nearly seven years on heightened fear of a spike in consumer prices. The regulator lifted the Central Bank Rate by one percentage point at the surprise Monetary Policy Committee (MPC) meeting on Monday to 10.5 percent from 9.5 percent, setting the benchmark lending rate at the highest level since July of 2016 or an 82-month high. While lifting the benchmark interest rate, the MPC cited sustained pressure on inflation and observed risks for higher consumer prices which in its view would have a negative impact on the economy. (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	174.88	186.73	174.08	187.28
EUR/KES	148.56	161.96	148.86	163.36
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 U.S. dollar edged lower in early European trade Monday but remained close to its recent one-week high as the potential for drawn-out monetary tightening cycles hitting global growth as well as the weekend's political turmoil in Russia boosted risk aversion. The dollar index fell 0.049% at 102.680, with safe-haven support helping to keep it near the unchanged mark as concerns about a slowing global economy linger in the midst of aggressive tightening actions by multiple central banks around the globe.

Elsewhere EUR/USD edged higher to 1.0907, bouncing to a degree after last week's losses when the single currency slumped to a one-week low after PMI data showed that eurozone business growth virtually stalled in June. Up next is the release of the widely watched Germany's Ifo business survey later in the session, which is expected to show business confidence in the eurozone's largest economy continuing to sour. GBP/USD rose 0.2% to 1.2738, recovering some of its 0.8% fall last week after the Bank of England announced a surprise interest rate hike of 50 basis points, stoking fears of a British recession as it attempts to control inflation. AUD/USD traded largely unchanged at 0.6683, while USD/JPY fell 0.1% to 143.38, with the yen remaining under pressure given the contrast between the Bank of Japan's ultra-dovish stance and hawkish central banks elsewhere. USD/CNY rose 0.5% to 7.2153 as the Chinese markets returned from holiday, with traders generally expecting further support from Beijing to stimulate the country's faltering economic recovery.

In the commodities markets, Oil prices edged higher on Tuesday, spurred by worries about political instability in Russia and possible supply disruptions, as well as U.S. demand hopes ahead of the summer driving season. Brent crude futures had climbed 37 cents to \$74.55 a barrel, while U.S. West Texas Intermediate (WTI) futures rose 42 cents to \$69.79 a barrel. On Monday, Brent had climbed 0.5% and the WTI 0.3%. Oil fell about 3.6% last week on worries that further interest rate hikes by the U.S. Federal Reserve could sap demand as China's economic recovery disappoints investors.

On the other end Gold prices inched up on Monday as the dollar slid ahead of key inflation data that could decide the action in coming weeks by the world's major central banks, most of whom are girding for higher interest rates. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0726	1.1128
GBP/USD	1.2534	1.2938
USD/ZAR	16.5692	20.5810
USD/AED	3.6524	3.6934
USD/JPY	141.47	145.50

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.