



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 27TH SEPTEMBER 2023

### DOMESTIC NEWS

Kenya's shilling eased against the dollar on Tuesday, as the market struggled to meet forex demand amid muted inflows. Commercial banks quoted the shilling at 147.65/85 per dollar, compared with Friday's closing rate of 147.60/80.

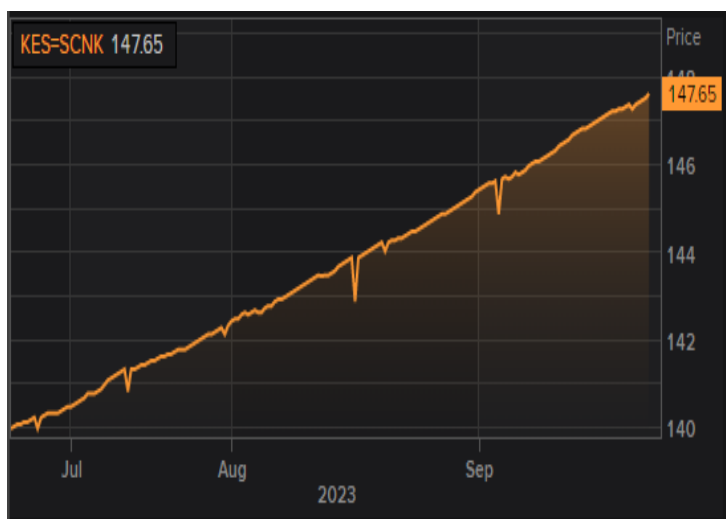
The International Monetary Fund (IMF) has recommended a staggered implementation of new tax measures by governments in sub-Saharan Africa, including Kenya, amid public backlash. The multilateral lender notes the sustainability of new policies is dependent on a government's ability to win over public opinion. Further, the IMF suggests delaying difficult fiscal reforms until macroeconomic conditions are favourable and compensatory measures are in place. The call for sequencing new tax reforms comes amidst a sharp public discourse on recently legislated taxation measures including the implementation of the 2023 Finance Act.

(Business Daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	143.80	155.30	143.80	155.05
GBP/KES	175.54	187.39	174.74	187.94
EUR/KES	151.17	164.57	151.47	165.97
AED/KES	36.24	49.24	38.24	49.74

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 U.S. dollar rose Tuesday, climbing to 10-month highs after bond yields soared to 16-year peaks amid growing expectations that U.S. interest rates will rise further this year. The dollar index rose 0.26% on the day to 106.21, the highest since Nov. 30. The dollar received a boost after Minneapolis Federal Reserve Bank President Neel Kashkari said late Monday the U.S. central bank probably needs to raise borrowing rates further and keep them high for some time to bring inflation back down to 2%. Data on Tuesday showed that sales of new U.S. single-family homes fell more than expected in August as the rate on the popular 30-year fixed mortgage jumped above 7%, but U.S. annual home price growth accelerated for a second straight month in July. Benchmark 10-year U.S. government bond yields have jumped to 16-year highs this month as economic data remains robust despite higher interest rates.

Elsewhere EUR/USD fell 0.1% to 1.0575, continuing Monday's 0.5% drop and on course for a 3% drop in the quarter, its worst quarterly percentage loss for a year. GBP/USD fell 0.3% to 1.2175, dropping to a six-month low, on course for a hefty loss of 3.8% over the three months to September. USD/JPY rose 0.2% to 149.14, with the yen close to a 11-month low against the dollar. The pair remains close to the 150 level, which traders expect to attract intervention by the government. USD/CNY traded largely flat at 7.3111, with the Chinese yuan struggling near 10-month lows, weighed by persistent concerns over weakness in its massive debt-ridden property sector.

In the commodities markets, Gold prices fell below key levels on Wednesday, extending a recent slump as persistent fears of rising interest rates, following hawkish signals from the Federal Reserve, saw investors largely favor the dollar. Spot gold- which represents real-time trade in physical bullion, sank 0.2% to \$1,897.49 an ounce, falling below the \$1,900 level for the first time in a month.

On the other end Oil prices rose nearly \$1 on Wednesday as markets focused on supply tightness heading into winter and a "soft landing" for the U.S. economy. Brent crude futures rose 86 cents, or 0.9%, to \$94.82 a barrel, while U.S. West Texas Intermediate crude futures climbed 86 cents, or 0.9%, to \$91.25. Industry data released on Tuesday showed U.S. crude oil stockpiles rose last week by about 1.6 million barrels, against analysts' expectations for a drop of about 300,000 barrels.

(Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0360	1.0764
GBP/USD	1.1945	1.2348
USD/ZAR	17.0687	21.0931
USD/AED	3.6526	3.6936
USD/JPY	147.01	151.04

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