



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 29TH SEPTEMBER 2023

### DOMESTIC NEWS

Kenya's shilling fell against the dollar on Thursday, as fuel importers and the manufacturing sector sought hard currency as inflows dried up. Commercial banks quoted the shilling at 148.00/20 per dollar, compared with Wednesday's closing rate of 147.80/148.00.

The government is seeking to contract private firms to manufacture synthetic fabrics locally targeting both Kenyan and export markets as it seeks to cut reliance on imports. Textile firms operating in the country currently import all of their synthetic fabrics, particularly from East Asian countries as the country lacks textile mills to produce fabrics to the required quantity and quality, especially for the export market. The Ministry of Investments, Trade, and Industry has invited manufacturers to express interest in manufacturing synthetic fabrics for the textile and apparel subsector in Kenya. (Business Daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	144.10	155.60	144.10	155.35
GBP/KES	177.04	188.89	176.24	189.44
EUR/KES	151.79	165.19	152.09	166.59
AED/KES	36.32	49.32	38.32	49.82

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 dollar index and dollar index futures both fell 0.2% in Asian trade, pulling back slightly from a 10-month high. Markets were now focused squarely on a personal consumption expenditures reading- the Fed's preferred inflation gauge- due later in the day, to see whether the central bank had enough impetus to carry out its hawkish outlook. The bank had warned last week that sticky inflation was likely to elicit one more rate hike this year, and fewer rate cuts in 2024. Such a scenario bodes poorly for Asian currencies. Beyond the U.S., European consumer price index inflation data was also due on Friday. The euro rose 0.2% against the dollar in Asian trade. Most risk-heavy assets logged steep losses this week, while the prospect of higher U.S. rates weighed heavily on Asian currencies, as the gap between risky and low-risk yields narrowed. Regional currencies were battered by a spike in the dollar and Treasury yields this week, after hawkish signals from the Federal Reserve ramped up concerns that U.S. interest rates will remain higher for longer.

Elsewhere the euro rose 0.2% against the dollar in Asian trade. The Japanese yen hovered above 149 to the dollar, after softer-than-expected Tokyo inflation data dented some expectations that the Bank of Japan will move away from its negative interest rate regime. The Indian rupee rose 0.1% after recovering from near record lows in overnight trade. Losses in oil prices also took some pressure off the rupee. An interest rate decision from the Reserve Bank of India, due next week, was in focus.

In the commodities markets, Gold prices moved little in Asian trade on Friday, hovering near a seven-month low hit earlier this week as markets awaited key U.S. inflation data, while copper prices rose amid bets that a week-long Chinese holiday will help perk up economic growth. Spot gold steadied at \$1,865.30 an ounce, while gold futures expiring in December rose 0.2% to \$1,882.05 an ounce. Spot prices were down 3.3%, while gold futures were set to lose 4.3% in September. They were also headed for their worst month since February.

On the other end Oil prices were set for a weekly gain of around 2% after regaining ground on Friday as strong holiday demand from China and persistently tight U.S. fundamentals outweighed expectations of possible supply increases from Saudi Arabia. Brent November futures which expire on Friday rose 5 cents to \$95.43 per barrel. Brent December futures gained 13 cents to trade at \$93.23 per barrel. (Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0378	1.0781
GBP/USD	1.2021	1.2423
USD/ZAR	16.9405	20.9536
USD/AED	3.6526	3.6934
USD/JPY	147.33	151.35