



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH JUNE 2023

DOMESTIC NEWS

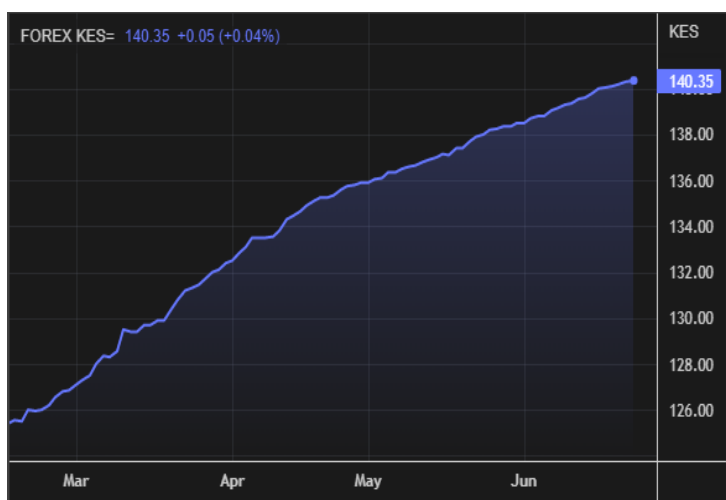
Kenya's shilling was steady on Thursday, with dollar inflows from non-governmental organizations and remittances largely meeting demand from the energy sector. Commercial banks quoted the shilling at 140.40/60 per dollar, compared with Tuesday's closing rate of 140.35/55. Markets were closed on Wednesday for the Muslim Eid al Adha holiday.

Aggressive interest rate increases by central banks in rich countries amidst sustained weakening of the shilling have cost Kenya an additional Sh27.23 billion in foreign debt repayments, the Treasury has said, eating into the budget for development projects. The Treasury has received approval from lawmakers to raise expenditures on external debt in the current financial year ending this Friday to Sh389.45 billion from Sh362.22 billion, which had been projected in February. The request to increase spending on foreign debt by 7.5 percent was granted through the second supplementary budget last week. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	136.50	148.00	136.50	147.75
GBP/KES	173.35	185.20	172.55	185.75
EUR/KES	147.80	161.20	148.10	162.60
AED/KES	34.25	47.25	36.25	47.75

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 index climbed to a two-week high on Thursday after economic data showed the labor market remained on a solid footing, giving the Federal Reserve a possible cushion to continue raising interest rates. Weekly initial jobless claims decreased 26,000 to a seasonally adjusted 239,000, the largest drop in 20 months and below the expectation of 265,000 by economists polled by Reuters. In addition, the Commerce Department revised its first-quarter gross domestic product estimate to 2%, up from the 1.3% reported in May and above the 1.4% previous estimate. Fed Chair Jerome Powell, at an event held by the Spanish central bank in Madrid on Thursday, indicated the central bank is likely to resume their rate hike path after a pause earlier this month.

Elsewhere GBP/USD fell 0.2% to 1.2620, with Bank of England Governor Andrew Bailey also hinting at more interest rate rises to come, even after the bank surprised with a 50-basis-point hike earlier this month. U.K. inflation remained at 8.7% in May, the highest of any major advanced economy, and Friday's first-quarter GDP release is set to show that growth remains hard to find. Inflation data from the whole of Germany as well as Spain are due later in the session, and could influence the euro, with EUR/USD currently trading 0.2% lower at 1.0886. AUD/USD rose 0.2% to 0.6614, helped by stronger-than-expected retail sales data for May, while USD/CNY rose 0.1% to 7.2491, with the yuan near an eight-month low ahead of Friday's key purchasing managers' index data for June.

In the commodities markets, Oil prices edged higher on Friday with Brent poised for its first monthly gain this year, as a big drawdown in U.S. oil stocks outweighed concerns that fuel demand will be dented further by more interest rate hikes. Brent crude futures for September delivery rose 16 cents or 0.2% to stand at \$74.67. The less-traded front month contract, which expires on Friday, was up 30 cents at \$74.64.

On the other end Gold prices moved little on Friday, and were nursing steep losses for June as strong U.S. economic data pushed up risk appetite and also fed into concerns over more interest rate hikes by the Federal Reserve. Spot gold was flat at \$1,908.01 an ounce, while gold futures fell 0.1% to \$1,915.95 an ounce. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0668	1.1072
GBP/USD	1.2424	1.2827
USD/ZAR	16.7323	20.7416
USD/AED	3.6524	3.6934
USD/JPY	142.71	146.72

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.