



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 30TH MAY 2023

### DOMESTIC NEWS

Kenyan shilling held steady on Monday, but traders said they expected it to weaken, undermined by increased demand for dollars from fuel retailers and manufacturing companies. Commercial banks quoted the shilling at 138.30/50 per dollar, compared with Friday's closing rate of 138.25/45.

Interest rate on the 182-day Treasury Bill has crossed the 11 percent mark as returns on the short-term securities continue to go up. The weighted average interest rate of accepted bids on the paper jumped to 11.113 percent in last week's sale from 10.978 percent to represent a 0.135 percent increase. The interest rate on the 364-day T-bill meanwhile rose by 0.067 percent to 11.457 percent mirroring the general rise in returns from government securities. The shortest-dated 91-day T-bill, on the other hand, posted the highest yield pressure as interest rates on the paper rose by 0.314 percent to 10.832 percent from 10.518 percent.

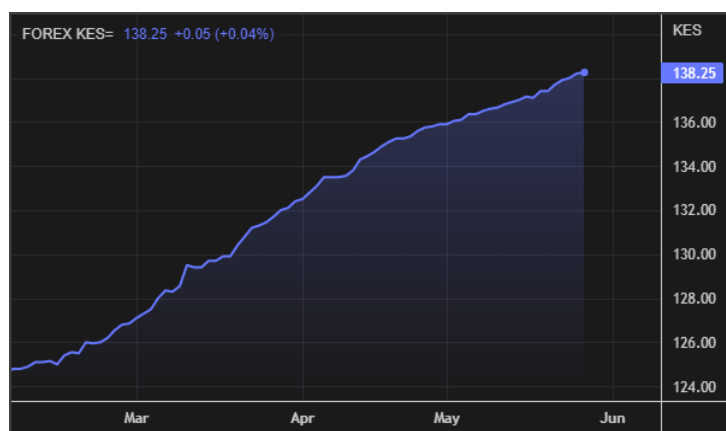
In other news, the MPC on Monday decided to retain the Central Bank Rate (CBR) at 9.50 percent.

(Business daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	134.45	145.95	134.45	145.70
GBP/KES	166.96	178.81	166.16	179.36
EUR/KES	143.29	156.69	143.59	158.09
AED/KES	33.70	46.70	35.70	47.20

Amounts > 10 million		Amounts >100,000
KES		USD
2 Weeks	7.50%	1.50%
1 Month	7.50%	2.50%
3 Months	8.00%	3.25%
6 Months	8.50%	3.50%
1 year	9.00%	4.25%



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

### INTERNATIONAL NEWS

The U.S. dollar eased on Tuesday against a basket of major currencies but did not drift far from a two-month peak, after a deal over the U.S. debt ceiling lifted risk sentiment, although the agreement could face a rocky path through Congress. The dollar index, which measures the U.S. currency against six major peers, fell 0.02% to 104.28, not far from the two-month high of 104.42 it touched on Friday. The index is set to end the month with a gain of 2.5%. U.S. Treasury Secretary Janet Yellen said on Friday that the government would default if Congress did not increase the debt ceiling by June 5. She had previously said a default could happen as early as June 1. U.S. President Joe Biden on Sunday finalized a budget agreement with House Speaker Kevin McCarthy to suspend the \$31.4 trillion debt ceiling until Jan. 1, 2025, and said the deal was ready to move to Congress for a vote.

Elsewhere The euro was up 0.01% to \$1.0706, while sterling was last trading at \$1.2356, up 0.04% on the day. The yen strengthened 0.11% to 140.31 per dollar, having touched a six-month low of 140.91 per dollar on Monday. The Australian dollar fell 0.31% to \$0.652, while the kiwi eased 0.15% to \$0.604.

In the commodities markets, Oil fell on Tuesday, giving up earlier gains, as concerns about the viability of the U.S. debt ceiling pact cooled the market's risk-on sentiment and mixed messages from major producers have clouded the supply outlook ahead of their meeting this weekend. Brent crude futures fell 50 cents, or 0.7%, to \$76.57 a barrel by 0453 GMT after rising by 0.5% earlier on Tuesday. U.S. West Texas Intermediate (WTI) crude dipped 35 cents to \$72.32 a barrel, down 0.5% from Friday's close. There was no settlement on Monday because of a U.S. public holiday.

On the other end Gold prices fell slightly on Tuesday, sticking to more than two-month lows amid optimism over a debt ceiling deal and as expectations of more interest rate hikes by the Federal Reserve spurred flows into the dollar. Spot gold fell 0.2% to \$1,941.51 an ounce, while gold futures fell 0.2% to \$1,959.50 an ounce. Copper futures fell 0.3% to \$3.6707 a pound, cutting short a rebound from near seven-month lows. (Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0484	1.0887
GBP/USD	1.2131	1.2534
USD/ZAR	17.7715	21.7705
USD/AED	3.6524	3.6934
USD/JPY	138.63	142.65

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.