



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST MAY 2023

DOMESTIC NEWS

Kenya's shilling was little changed on Tuesday but was forecast to ease during the session due to pent-up dollar demand from fuel retailing companies. Commercial banks quoted the shilling at 138.40/60 per dollar, compared with Monday's closing rate of 138.35/55.

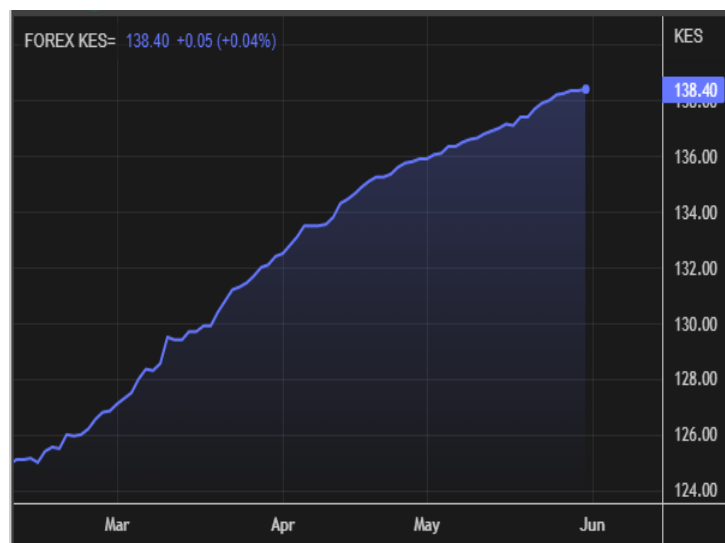
The Central Bank of Kenya (CBK) has set its sights on raising Sh60 billion from the sale of a new seven-year amortized infrastructure bond. The apex bank has floated the tax-free paper for sale until June 13 as it sets itself for the wrap of the domestic borrowing program for the current 2022/23 financial year next month. The CBK has raised the attractiveness of the paper beyond the tax-free status to include a structured redemption cycle where 20 percent of the outstanding principal will have been retired on June 15, 2026 and 30 percent as at December 13, 2027.

(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	167.55	179.40	166.75	179.95
EUR/KES	143.24	156.64	143.54	158.04
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 dollar slipped Tuesday but could hitch a ride higher in the near term as investor focus is likely to shift from the debt ceiling to the jobs report later this week that could cement the prospect of a further Federal Reserve hike next month. The U.S. dollar index, which measures the greenback against a trade-weighted basket of six major currencies, fell by 0.14% to 103.99. Economists forecast data on Friday to show the U.S. economy created 180,000 new jobs in May, while average hourly earnings for the month are seen lower at 0.4% from 0.5%. The growing prospect of another rate hike has been bolstered by economic data showing that inflation, particularly core services inflation, remains hot. The debt-ceiling bill, however, does face a race against a time after Treasury Secretary Janet Yellen warned that June 5 would be the so-called X-date, or the day the U.S. won't be able to pay its bills.

Elsewhere EUR/USD fell 0.3% to 1.0691, with the euro feeling the impact of the strengthening dollar, while Spanish inflation surprised to the downside, climbing 3.2% on the year in May, below the expected 4.4%. GBP/USD edged higher to 1.2345, while USD/JPY traded 0.1% lower to 140.41, with the pair having earlier touched a six-month high as U.S. Treasury yields rose. AUD/USD rose slightly to 0.6523, while USD/CNY rose 0.4% to 7.0918, hitting a new six-month high after the People's Bank of China slashed its midpoint rate for the day, offering dovish signals to the market.

In the commodities markets, Oil prices extended losses early on Wednesday as worries of slowing demand from top oil importer China after the release of weaker-than-expected economic data outweighed some positive progress on the U.S. debt ceiling bill. Brent crude futures for August delivery fell 28 cents to \$73.43 a barrel by 0250 GMT, while U.S. West Texas Intermediate crude (WTI) slipped 26 cents to \$69.20 a barrel, with earlier gains reversed after China manufacturing data was released.

On the other end Gold prices crept lower on Wednesday as markets awaited more cues on the raising of the U.S. debt ceiling, while copper prices slid after data offered more signals of a slowing economic rebound in China. Copper futures sank 0.7% to \$3.6338 a pound, and were set to lose about 6% in May as data showed China's manufacturing sector shrank for a second consecutive month in May. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0493	1.0897
GBP/USD	1.2191	1.2593
USD/ZAR	17.7603	21.7658
USD/AED	3.6524	3.6934
USD/JPY	137.55	141.57

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.