



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 03RD AUGUST 2023

### DOMESTIC NEWS

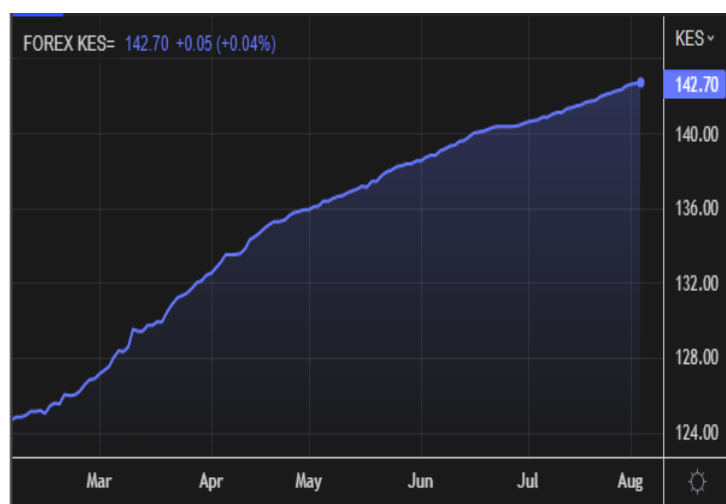
The Kenyan shilling was little changed in thin trade on Wednesday, after hitting another record low earlier in the day. The shilling has lost 13.5% against the U.S. currency so far this year, according to Refinitiv data. Commercial banks quoted the shilling at 142.60/80 to the U.S. dollar, the same level it closed on Tuesday.

Global supply shocks have increased the prices of Kenya's critical staples, including rice, wheat, maize, sugar and onions, fomenting a new food crisis in the country. Protectionist decisions in India and Eastern Europe to lock stocks of food within their borders are likely to disrupt the supply of rice and wheat into Kenya, even as poor weather hinders the supply of onions from neighboring Tanzania. Analysts fear that the new crisis is likely to heighten food scarcity, rolling back some of the gains the country recently made. Consumer prices in July rose by 7.3 percent, the lowest since May last year. (Business daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	138.75	150.25	138.75	150.00
GBP/KES	177.28	189.13	176.48	189.68
EUR/KES	151.08	164.48	151.38	165.88
AED/KES	34.87	47.87	36.87	48.37

	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 March 2023 – Date (Source: Reuters)

### INTERNATIONAL NEWS

The dollar rose on Wednesday as investors shrugged off Fitch's U.S. credit rating downgrade while data showing a larger-than-expected increase in private payrolls in July bolstered the greenback as it points to labor market resilience. Private payrolls rose by 324,000 jobs last month, the ADP National Employment report showed, more than an increase of 189,000 that economists polled by Reuters had forecast. The U.S. labor market is gradually slowing after the Federal Reserve's hiking of interest rates by 525 basis points since March 2022. But the economy remains strong, as indicated by the Atlanta Fed's GDP now running estimate of real GDP growth for the third quarter at 3.9%. The dollar index, a measure of the U.S. currency against six peers, rose 0.57% to a fresh three-week high. The dollar index has gained 3.0% from a 15-month low on July 18.

Elsewhere EUR/USD rose 0.1% to 1.0994, after earlier touching a session-high of 1.1020. The euro has traded on the soft side recently, not helped by the final euro zone manufacturing Purchasing Managers' Index falling on Tuesday to its lowest level since May 2020. GBP/USD traded 0.1% lower at 1.2769, continuing Tuesday's weakness on the back of data showing British factory output contracted in July at the fastest pace in seven months. USD/JPY fell 0.4% to 142.69, with the Japanese yen rebounding after steep overnight losses, with the focus remaining on the Bank of Japan's bond buying operations, after the bank announced more flexibility in its yield curve control mechanism.

In the commodities markets, Oil prices were little changed on Thursday after a two-day decline, including a sharp drop on Wednesday, as the U.S. government's credit downgrade weighed on sentiment, though concerns around supply tightness provided some support. Brent crude futures were at \$83.24 a barrel, up 4 cents or 0.1%, while U.S. West Texas Intermediate crude was at \$79.53 a barrel, up 0.1%.

On the other end Gold prices edged lower on Thursday and were nursing steep losses for the week as signs of a resilient U.S. economy and job market pushed up fears of rising interest rates. Copper futures were flat at \$3.8468 a pound, after tumbling 4% in the last three sessions. Spot gold was flat at \$1,935.41 an ounce, while gold futures fell 0.2% to \$1,970.75 an ounce. (Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0729	1.1133
GBP/USD	1.2504	1.2908
USD/ZAR	16.4670	20.4747
USD/AED	3.6524	3.6934
USD/JPY	141.71	145.74

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.