



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 3<sup>RD</sup> MARCH 2023

### DOMESTIC NEWS

Kenya shilling slid against the dollar on Thursday as hard currency demand from fuel importers and manufacturers outstripped supply. Commercial banks quoted the shilling at 127.50/70 per dollar compared to Wednesday's closing rate of 127.40/127.60

In other local market news MPs have backed calls by the Controller of Budget (CoB) to create a special fund for debt servicing to avert debt distress.

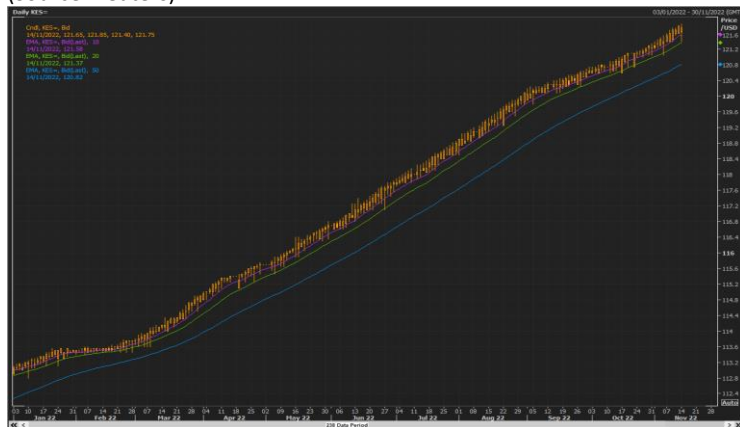
The parliamentary Committee on Public Debt and Privatization has given the Treasury up to July to table regulations to guide the creation of a sinking fund in a bid to ease pressure on the Exchequer. Kenya is grappling with a high expenditure to pay Chinese loans piling pressure on the ordinary revenue collections, which prompted CoB Margaret Nyakango to push for the fund. (Business daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	123.40	138.40	123.40	137.90
GBP/KES	148.49	161.49	147.69	162.39
EUR/KES	130.27	144.17	130.57	147.07
AED/KES	30.68	43.68	32.68	44.18

Amounts > 10 million		Amounts >100,000
KES		USD
2 Weeks	7.00%	1.25%
1 Month	7.00%	2.00%
3 Months	7.50%	2.50%
6 Months	8.00%	3.25%
1 year	8.50%	4.00%

(Source: Reuters)



### INTERNATIONAL NEWS

The dollar strengthened on Thursday after unemployment claims pointed to a still strong U.S. jobs market and other data showed growing labor costs, indicating the Federal Reserve has further to go in raising interest rates to tame inflation. The dollar index, a basket of major trading currencies, rose 0.623%, while the euro fell 0.71% to \$1.0589. On the other hand, the euro slid on data that showed inflation in the euro zone was not as high as investors had feared but remains elevated. Inflation eased to 8.5% from 8.6% in January on lower energy prices. Sterling was held back by remarks from Bank of England Governor Andrew Bailey, who said "nothing is decided" on future rate increases, which led traders to trim bets on higher rates. Sterling traded at \$1.194, down 0.76% on the day.

In Asia, The Japanese yen weakened 0.44%, while the Australian and New Zealand dollars moved lower after strong gains on Wednesday driven by Chinese manufacturing data.

In the commodities markets, Oil prices fell slightly on Friday as traders weighed the prospect of more economic headwinds from rising interest rates, although renewed optimism over a rebound in Chinese demand put prices on course for strong weekly gains.

Crude markets logged wild swings in recent sessions amid a series of mixed cues. While better-than-expected Chinese business activity data offered upward momentum, this was offset by hawkish signals from major central banks and signs of stubborn inflation across the globe. Brent oil futures fell less than 0.1% to \$84.45 a barrel, while West Texas Intermediate crude futures fell 0.4% to \$77.89 a barrel by 21:22 ET (02:22 GMT). Both contracts were set to add between 1.5% and 2% this week, their second consecutive week of gains.

Gold prices advanced on Friday and were set for their first weekly gain in five as recent comments from Federal Reserve officials helped provide more clarity on the path of monetary policy this year. Spot gold rose 0.2% to \$1,838.42 an ounce, while gold futures rose 0.2% to \$1,844.25 an ounce by 19:40 ET (00:40 GMT). Both instruments were set to add about 1.5% this week, their first positive week since mid-January. (Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0415	1.0820
GBP/USD	1.1775	1.2170
USD/ZAR	16.1563	20.1700
USD/AED	3.6624	3.6824
USD/JPY	134.40	138.50

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.