



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 04TH JULY 2023

DOMESTIC NEWS

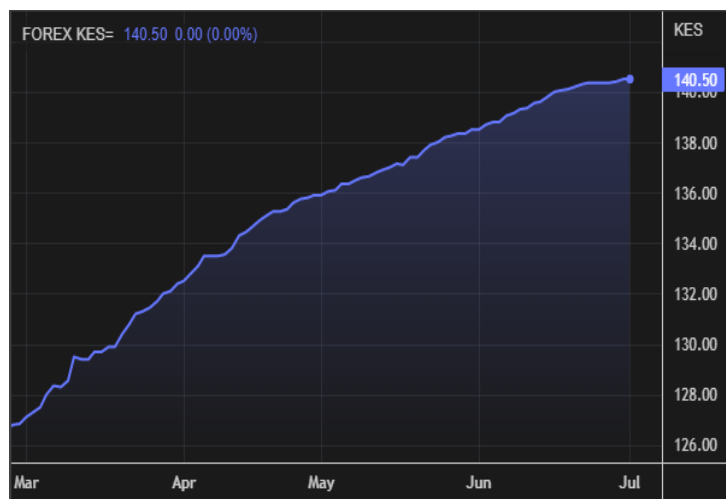
Kenya's shilling weakened slightly on Monday due to increased foreign-currency demand from manufacturing and oil-retailing companies. Commercial banks quoted the shilling at 140.55/75 per dollar, compared with Friday's closing rate of 140.50/70.

Kenyan car buyers have been hit by a 35 percent import duty after the East African Community (EAC) approved an application by Kenya to raise duty on motor vehicles under the common external tariff, piling pressure on a sector being pounded by a depreciating currency. The review of the import duty from the current 25 percent, which has been since approved by the EAC Council of Ministers, will result in double-digit increases in prices of imported cars including those carrying 10 or more passengers, station wagons, racing cars and those involved in the transportation of goods among others. Effectively, this means that vehicles imported into the country will now fetch a higher price locally than they will in regional peers such as Uganda and Rwanda. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	136.70	148.20	136.70	147.95
GBP/KES	174.47	186.32	173.67	186.87
EUR/KES	148.38	161.78	148.68	163.18
AED/KES	34.31	47.31	36.31	47.81

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 dollar was little changed on Monday against a basket of major trading currencies. The dollar initially weakened on news of U.S. manufacturing slumping further in June to levels last seen when the economy was reeling from the initial wave of the COVID-19 pandemic. The Institute for Supply Management (ISM) said its manufacturing PMI dropped to 46.0 from 46.9 in May, the lowest reading since May 2020. It marked the eighth straight month that the PMI has been below the 50-threshold indicating contraction. The dollar index, a measure of the U.S. currency against six other currencies, rose 0.039%.

Elsewhere EUR/USD fell 0.2% to 1.0890, ahead of the release of manufacturing PMI data for most of Europe, which is expected to show this important sector remains in the doldrums. Germany, the eurozone's dominant manufacturing base, is expected to show a PMI release of 41.0 in June, a fall from 43.2 in May. GBP/USD fell 0.1% to 1.2688, after rising 5% in the first six months of the year, with traders continuing to price in more rate hikes from the Bank of England as the country's inflation rate remained at 8.7% in May, the highest of any major advanced economy. USD/JPY rose 0.3% to 144.75, trading just below the psychologically important barrier of 145 after data showed Japan's factory activity contracted in June after expanding for the first time in 7 months in May.

In the commodities markets, Oil prices held steady early on Tuesday as markets weighed supply woes from cuts for August by top exporters Saudi Arabia and Russia against mixed analyst views on economic data that could hint at weak crude demand. Brent crude futures rose by 43 cents, or 0.58%, at \$75.08 a barrel. U.S. West Texas Intermediate crude were at \$70.22 a barrel, up by 43 cents, or 0.62%.

On the other end Gold prices steadied further above key support levels on Tuesday, but the yellow metal still remained under pressure as markets awaited more cues on monetary policy from the Federal Reserve this week. Spot gold was flat at \$1,920.91 an ounce, while gold futures steadied at \$1,928.55 an ounce. Other precious metals were also muted this week. Platinum rose 0.2%, while silver futures were flat. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0698	1.1100
GBP/USD	1.2484	1.2888
USD/ZAR	16.7402	20.7567
USD/AED	3.6523	3.6934
USD/JPY	142.61	146.63

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.