



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 04<sup>TH</sup> OCTOBER 2023

### DOMESTIC NEWS

Kenya's shilling was stable on Tuesday, as the market awaited a central bank decision on lending rates after the session. Commercial banks quoted the shilling at 148.30/50 per dollar, compared with Monday's closing rate of 148.25/45.

The Monetary Policy Committee (MPC) has retained Central Bank Rate at 10.50 per cent. In making the decision, MPC noted that inflation is expected to remain within the target range, supported by lower food prices with expected improved supply. Additionally, the MPC observed that NFNF inflation was expected to decline, indicative of easing underlying inflationary pressures. The Committee further assessed that the impact of the tightening of monetary policy in June to anchor inflationary expectations was still transmitting in the economy. He said the Committee will closely monitor the impact of the policy measures, as well as developments in the global and domestic economy, and stands to take further action as necessary.

(Business Daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	144.50	156.00	144.50	155.75
GBP/KES	175.38	187.23	174.58	187.78
EUR/KES	150.56	163.96	150.86	165.36
AED/KES	36.43	49.43	38.43	49.93

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 July 2023 – Date (Source: Reuters)

### INTERNATIONAL NEWS

The US dollar has surged to a ten-month peak, reaching a 107.16 level on the US Dollar Index, influenced by hawkish views from the Federal Reserve and 16-year high Treasury yields, as reported on Tuesday. This development comes as investors anticipate a longer period of restrictive monetary policy due to broad economic resilience, further cementing the greenback's position in global currency markets. The dollar index, which tracks the unit against six peers, was up 0.13% at 107.13, at its highest since November.

Elsewhere The Euro broke below 1.0500 against the US dollar recently and is struggling to reclaim this level in European trade today. A strong US dollar, bolstered by rising US Treasury yields, is the main driver of the move, while Euro weakness is also a contributing factor as the pair succumb to ongoing selling pressure. Last week's Euro Area inflation report showed price pressures easing at a faster-than-expected pace and this has led the market to price-out further interest rate hikes. Sterling tumbled to a two-month trough as well against the yen and was last down 0.8% at 179.96 yen.

In the commodities markets, Oil edged lower on Wednesday ahead of a panel meeting of OPEC+ ministers, as the market weighed expectations of supply tightness against fears that high interest rates could reduce fuel demand. Brent crude oil futures dipped 6 cents to \$90.86 a barrel, while U.S. West Texas Intermediate crude (WTI), fell 5 cents to \$89.18 per barrel. Data on Tuesday night showed that U.S. job openings increased by the largest amount in more than two years, prompting a further sharp rise in Treasury yields.

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(Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0262	1.0666
GBP/USD	1.1867	1.2271
USD/ZAR	17.3549	21.3624
USD/AED	3.6526	3.6933
USD/JPY	147.22	151.26