



DIB Bank Kenya

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TREASURY MARKET UPDATE 07TH JUNE 2023

DOMESTIC NEWS

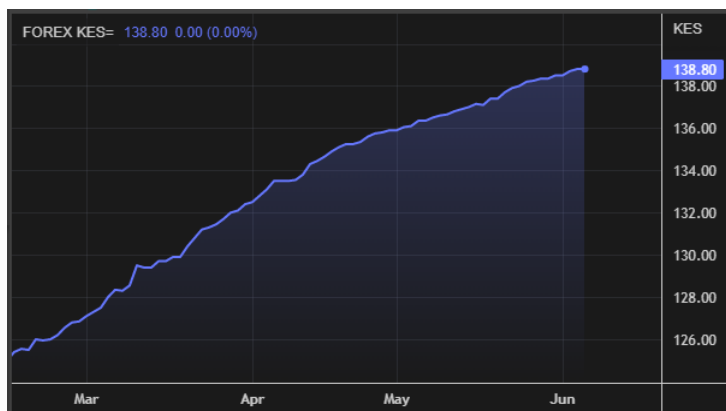
The Kenyan shilling continued its slide against the dollar on Tuesday, weighed down by foreign-currency demand from general goods importers and oil-retailing companies. Commercial banks quoted the shilling at 138.90/139.10 to the U.S. currency, compared with Monday's close of 138.80/139.00. The shilling has struck repeated record lows since late 2021. It is down more than 11% against the dollar this year.

Oil marketers have presented a proposal to the Treasury for the conversion of fuel subsidy arrears worth billions of shillings into an interest-earning debt instrument like bonds to shore up their worsening cash flow. The companies want their arrears estimated at Sh45 billion converted into a three-year debt instrument, offering them an opportunity to regular interest over the period, said sources familiar with the matter. The proposal is seen as a win-win given it will cushion a government gripped with a cash squeeze from raising the billions upfront while providing petroleum dealers with regular interest payments over the three years. A three-year bond is currently fetching average returns of 14.5 percent, signaling marketers could earn interest of about Sh6.25 billion in the first year if their arrears are pegged at the market rate. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	134.90	146.40	134.90	146.15
GBP/KES	168.63	180.48	167.83	181.03
EUR/KES	143.65	157.05	143.95	158.45
AED/KES	33.82	46.82	35.82	47.32

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 U.S. dollar gained against the euro and yen on Tuesday as investors focused on the likelihood that the Federal Reserve will continue hiking rates. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower at 103.793, continuing to fall back from a 2 1/2-month peak of 104.70 seen at the end of May. The dollar has seen some volatility over the last few days as traders try to work out what the Federal Reserve will decide in terms of interest rates at next week's meeting. Friday's jobs report only muddied the waters, as the blowout payrolls number suggested room for the Fed to hike once more but the unemployment rate rose and the slowdown in the growth of average wages pointed in the other direction. However, the unexpectedly soft U.S. services data hit the dollar as it firmed up expectations for a rate pause after a more than year-long tightening cycle.

Elsewhere EUR/USD rose 0.1% to 1.0726, despite German factory orders falling unexpectedly in April by 0.4% on the previous month, indicating the difficulties Europe's largest economy is facing after it endured the first recession since the pandemic over the winter. GBP/USD edged higher to 1.2441, USD/JPY fell 0.1% to 139.43, while USD/CNY rose 0.1% to 7.1099, close to a six-month high ahead of this week's key inflation and trade data, which are expected to shed more light on the economic rebound in China, the world's second-largest economy. AUD/USD rose 0.9% to 0.6680 after the Reserve Bank of Australia raised its cash target rate by 25 basis points to 4.10%, while also warning that inflation remained too high and that more policy tightening may still be in order this year.

In the commodities markets, Oil prices fell in Asian trade on Wednesday as weak Chinese trade data spurred more fears of slowing demand in the country, with prices having now reversed all gains made earlier this week on the back of supply cuts by the OPEC. Brent oil futures fell 0.4% to \$76.00 a barrel, while West Texas Intermediate crude futures fell 0.3% to \$71.49 a barrel.

On the other end Gold prices moved little on Wednesday as markets hunkered down ahead of an upcoming Federal Reserve meeting, while copper prices extended a rebound from six-month lows. Spot gold was flat at \$1,963.51 an ounce, while gold futures fell 0.1% to \$1,979.65 an ounce. Copper futures rose 0.2% to \$3.7757 a pound, after adding more than 1% in the prior session. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0483	1.0886
GBP/USD	1.2215	1.2618
USD/ZAR	17.2593	21.2713
USD/AED	3.6528	3.6932
USD/JPY	137.31	141.32

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.