



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 08TH AUGUST 2023

DOMESTIC NEWS

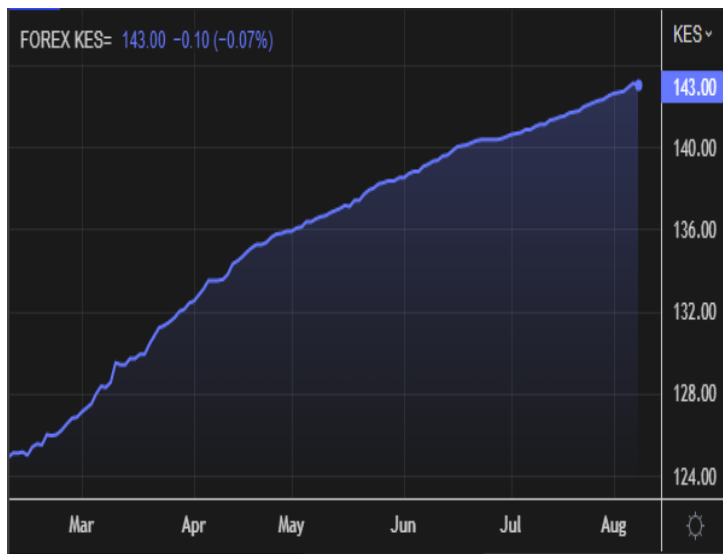
Kenya's shilling inched down on Monday to its record low, due to increased demand for dollars from the manufacturing sector. Commercial banks quoted the shilling at 143.00/20 per dollar, compared with Friday's closing rate of 142.90/143.00.

The Central Bank of Kenya (CBK) may have saved the economy from an inflation crisis following its June increase in its benchmark rate. While the apex bank has been widely tipped to leave the benchmark lending rate unchanged as the impact of its last policy decision continues to be felt, market participants have already warned of a downshift in credit growth. Real interest rates, which describe the return on interest-yielding assets after inflation have firmly held in the positive after CBK's last monetary policy tightening cycle in line with expectations. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	139.00	150.50	139.00	150.25
GBP/KES	178.41	190.26	177.61	190.81
EUR/KES	152.26	165.66	152.56	167.06
AED/KES	34.93	47.93	36.93	48.43

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 against major currencies on Monday, broadly supported by Federal Reserve officials saying additional interest rate hikes are likely given that inflation remains persistently high and the labor market is still tight. Fed Governor Michele Bowman said on Monday additional interest rate hikes will likely be needed to lower inflation to the U.S. central bank's 2% target. The dollar index was last little changed at 102.03. It fell to a one-week low last Friday in the wake of a U.S. non-farm payrolls report that came out weaker than expected. The Fed late last month raised its benchmark rate by a quarter percentage point to a range of 5.25% to 5.50%. Investors by and large believe that is likely the last increase of a campaign the Fed kicked off in March 2022.

Elsewhere EUR/USD fell 0.3% to 1.0979 after German industrial production slumped 1.5% on the month in June, a dramatic fall from the revised slip of 0.1% the prior month. GBP/USD fell 0.2% to 1.2724 after data from mortgage lender Halifax showed that British house prices fell in July for the fourth time in a row in month-on-month terms, dropping by 0.3% from June and in year-on-year terms they were down by 2.4%. USD/JPY rose 0.4% to 142.34, even as some members of the Bank of Japan warned that inflation could overshoot expectations this year. USD/CNY rose 0.7% to 7.1923, with the yuan weak ahead of Tuesday's Chinese inflation data, with consumer inflation set to fall 0.5% on an annual basis in July, while producer inflation is likely to have contracted further.

In the commodities markets, Oil prices were little changed on Tuesday after China reported a sharp monthly drop in imports in July, which reinforced demand fears, though that was offset by supply concerns from Saudi Arabian and Russian output cuts. Brent crude futures were at \$85.38 a barrel, up 4 cents, or 0.05%, while U.S. West Texas Intermediate crude was at \$82.02 a barrel, up by 8 cents, or 0.1%.

On the other end Gold prices edged lower on Tuesday, extending losses from the prior session as uncertainty over the Federal Reserve's next move and anticipation of a stronger inflation reading this week buoyed the dollar and Treasury yields. Spot gold fell slightly to \$1,936.21 an ounce, while gold futures steadied at \$1,970.55 an ounce. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0789	1.1193
GBP/USD	1.2557	1.2959
USD/ZAR	16.7846	20.7926
USD/AED	3.6523	3.6933
USD/JPY	141.31	145.32

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.