



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 08TH JUNE 2023

DOMESTIC NEWS

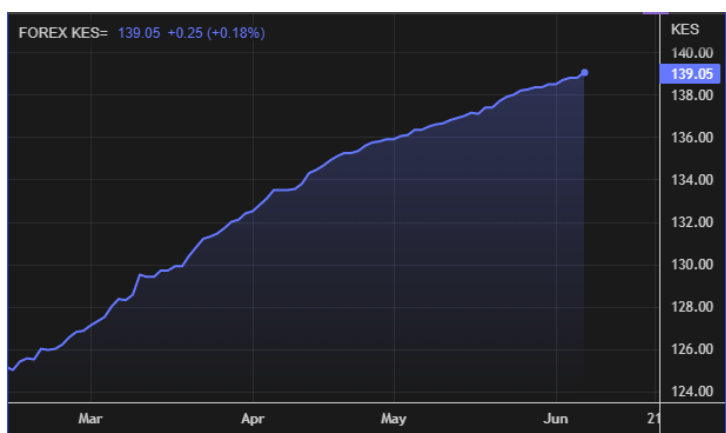
The Kenyan shilling slid further on Wednesday, hurt by foreign-currency demand across all sectors of the economy, especially manufacturing and energy. The shilling closed at 139.05/139.25 to the U.S. dollar, compared with Tuesday's close of 138.80/139.00.

The purchasing power of households in the medium term will be negatively affected by the proposed tax measures in the Finance Bill 2023, the World Bank has said. This is likely to add to the current inflationary pressures owing to an increase in prices of basic commodities, especially food and fuel, and also signals tougher times ahead for businesses that are dealing with reduced demand on account of the high cost of goods. In a new report, the Washington-based institution said that the ongoing tax reforms, which include raising value-added tax (VAT) on fuel from eight to the standard 16 percent, will dampen growth in the near term. (Business daily)

Indicative Forex Rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 135.15 | 146.65 | 135.15 | 146.40 |
| GBP/KES | 169.24 | 181.09 | 168.44 | 181.64 |
| EUR/KES | 144.12 | 157.52 | 144.42 | 158.92 |
| AED/KES | 33.89 | 46.89 | 35.89 | 47.39 |

| 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 edged higher against the yen on Wednesday as investors awaited U.S. inflation data for May and the Fed's interest rate decision next week. The U.S. central bank is expected to hold rates steady next Wednesday as it evaluates the impact of recent rate increases, though Fed fund futures traders are pricing for an additional rate hike in July. Consumer inflation data on Tuesday is expected to show that prices rose by 0.30% in May.

Elsewhere EUR/USD fell 0.2% to 1.0676 after data showed that German industrial production rose slightly less than expected in April, increasing by 0.3% on the previous month, compared with the expected increase of 0.6%. The European Central Bank also meets next week and is widely expected to continue hiking interest rates with inflation remaining well above the central bank's 2.0% target. GBP/USD fell 0.2% to 1.2405 after data from mortgage lender Halifax indicated that British house prices dropped on an annual basis in May for the first time in 11 years. AUD/USD fell 0.1% to 0.6667, with the Aussie dollar handing back some of the previous session's 0.8% gain, USD/CNY rose 0.1% to 7.1267, while USD/CAD rose 0.1% to 1.3420.

In the commodities markets, Oil prices dipped on Thursday as demand concerns tied to a global economic slowdown overshadowed a pending fall in supply with Saudi Arabia's pledged output cuts. Brent crude futures fell 21 cents, or 0.3%, to \$76.74 a barrel at 0415 GMT, while U.S. West Texas Intermediate crude futures eased 21 cents, or 0.3%, to \$72.32 a barrel.

On the other end Gold prices hovered just above two-month lows on Thursday, sticking to a holding pattern seen in recent weeks as markets awaited an upcoming Federal Reserve meeting. Copper prices edged lower as weak economic signals from China continued to trickle in, raising concerns over sustained demand in the largest importer of the red metal. Gold futures fluctuated between \$1,940 to \$2,000 an ounce, while spot gold kept to between \$1,930 to \$1,980 an ounce since mid-May. Spot gold rose 0.3% to \$1,944.06 an ounce, while gold futures steadied at \$1,959.65 an ounce. (Reuters)

Indicative Cross Rates

| | Bid | Offer |
|---------|---------|---------|
| EUR/USD | 1.0513 | 1.0916 |
| GBP/USD | 1.2258 | 1.2659 |
| USD/ZAR | 17.0707 | 21.0831 |
| USD/AED | 3.6524 | 3.6934 |
| USD/JPY | 137.79 | 141.81 |

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.