



DIB Bank Kenya
A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH MARCH 2023

DOMESTIC NEWS

Kenya Shilling was steady on Tuesday, but traders said it was expected to weaken during the session, undermined by increased demand for dollars from the energy and manufacturing sectors. Commercial Banks quoted the shilling at 127.95/128.15 per dollar, compared with 127.90/128.10 at the close of trading on Monday.

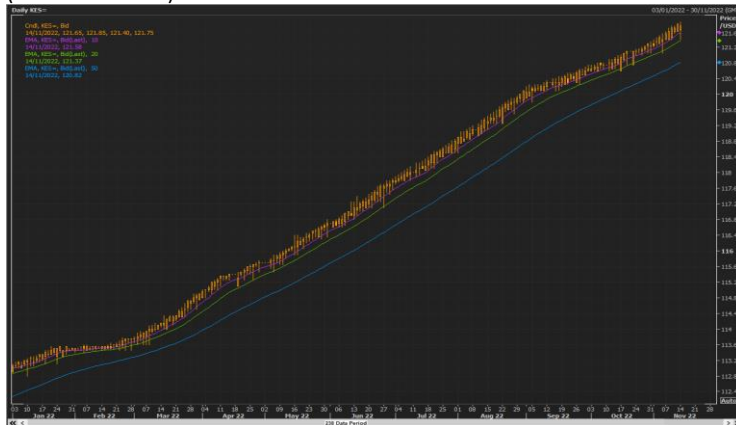
In other local market news the board of directors of the Central Deposit and Settlement Corporation has approved the company's plan to adopt direct Securities Lending and Borrowing (SLB) after the screen-based roll out which went live in February 2022 failed to gain traction and boost liquidity in the market. SLB is a framework that allows the temporary transfer of shares from a lender to a borrower with an agreement to return the shares at a future date. It enables markets to unlock trading activity from shares that would otherwise be held dormant for long-term horizons due to strategic positions taken by institutional investors. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.45	139.45	124.45	138.95
GBP/KES	147.78	160.78	146.98	161.68
EUR/KES	130.37	144.27	130.67	147.17
AED/KES	30.97	43.97	32.97	44.47

	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	7.00%	1.25%
1 Month	7.00%	2.00%
3 Months	7.50%	2.50%
6 Months	8.00%	3.25%
1 year	8.50%	4.00%

(Source: Reuters)



INTERNATIONAL NEWS

The dollar hit a three-month high against a basket of currencies on Tuesday after Federal Reserve Chair Jerome Powell said the U.S. central bank is likely to raise rates more than previously expected and warned that the process of getting inflation back to 2% has "a long way to go." "The Fed is also prepared to move in larger steps if the "totality" of incoming information suggests tougher measures are needed to control price increases, Powell told U.S. lawmakers on Tuesday. Investors will be closely watching the Fed's updated "dot plot" of rate expectations at March's meeting for further indications of how high Fed officials expect to raise rates. Fed officials in December had forecast that rates would increase to between 5.00% and 5.25% this year. Traders are now pricing for the rate to peak at 5.64% in September. The dollar index rose as high as 105.65, up 1.3% on the day and the highest since Dec. 6.

Elsewhere the euro dropped 1.28% to \$1.0548. The greenback reached 137.17 Japanese yen, up around 0.9% on the day and the highest since Dec. 20. Sterling slipped 1.68% to \$1.1824, after hitting \$1.1822, the lowest since Nov. 21.

In the commodities markets, Oil prices steadied in early Asian trade on Wednesday as industry data showed a draw in U.S. crude oil inventories, after the market tumbled in the previous session on fears more aggressive U.S. interest rate hikes would hit demand. Brent crude futures for April gained 8 cents to \$83.37 per barrel by 0120 GMT. U.S. West Texas Intermediate (WTI) crude futures lost 4 cents to \$77.54 a barrel. Supporting the market on Wednesday, data from the American Petroleum Institute showed U.S. crude inventories fell by about 3.8 million barrels in the week ended March 3, according to market sources.

Gold prices were flat on Wednesday after logging their worst drop in a month as U.S. Federal Reserve Chair Jerome Powell indicated that a recent spike in inflation would likely see interest rates rise more than initially expected. Spot gold was flat at \$1,813.39 an ounce, while gold futures fell 0.2% to \$1,816.25 an ounce.

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0334	1.0737
GBP/USD	1.1621	1.2025
USD/ZAR	16.6106	20.6249
USD/AED	3.6524	3.6934
USD/JPY	135.85	139.87

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.