



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 05TH OCTOBER 2023

DOMESTIC NEWS

Kenya's shilling was stable on Wednesday and it is expected it to weaken during the session due to a general increase in demand for dollars from diverse importers. Commercial banks quoted the shilling at 148.40/60 per dollar, the same as Tuesday's closing rate.

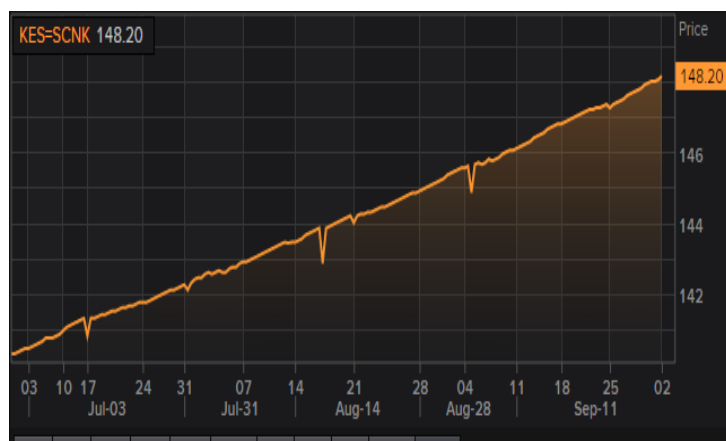
The production of key food items is projected to grow by up to 60 percent against last year even as food prices remain elevated, keeping inflation high. Latest data from the Ministry of Agriculture shows that maize production is projected to increase by 29.3 percent to 44.6 million bags; wheat by 62.6 percent to 4.9 million bags; Irish potatoes to 25.3 million bags and beans production to reach 11.7 million bags, a 56.3 percent growth. The increase has been attributed to sufficient rains witnessed this year with the production of food crops such as sorghum also expected to grow by 150 percent to 3.3 million bags and millet by 62 percent to 1.1 million bags. Last year was one of the worst years for Kenya's agriculture and saw the sector contract by 1.6 percent, with food prices hitting high levels.

(Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	144.40	155.90	144.40	155.65
GBP/KES	176.45	188.30	175.65	188.85
EUR/KES	151.28	164.68	151.58	166.08
AED/KES	36.40	49.40	38.40	49.90

	Amounts > 10 million KES	Amounts >100,000 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 dollar fell on Wednesday, tracking the pullback in U.S. Treasury yields, amid a mixed set of data suggesting that there are pockets of weakness in the world's largest economy, further diminishing the odds of another interest rate hike by the Federal Reserve before the end of the year. The dollar index, which tracks the greenback against six peers, was down 0.3% at 106.69, giving up some of its recent gains, after weaker-than-expected U.S. private payrolls based on the ADP National Employment Report. The index, however, remained within striking distance of a nearly 11-month high of 107.34 reached in the previous session. The dollar did retrace some of its losses after U.S. factory orders gained 1.2% in August, compared with expectations of a 0.2% rise. That more than offset the moderate decline in a U.S. services sector index last month.

Elsewhere the EURUSD climbed, although it was still not too far away from its Tuesday low of \$1.0448 -- the weakest level since December. GBPUSD also gained, moving up from an almost seven-month trough of \$1.2053 in the prior session. The yen hovered under the closely-watched 150 per dollar mark, after a short-lived leap in the previous session sparked speculation that authorities in Japan may have stepped in to limit a slide in the currency.

In the commodities markets, Oil prices inched up on Thursday, clawing back some of the previous session's big losses after an OPEC+ panel maintained oil output cuts to keep supply tight, though an uncertain demand outlook capped gains. Brent crude oil futures were 63 cents higher at \$86.44 a barrel, while U.S. West Texas Intermediate crude (WTI) rose 49 cents to \$84.71. Oil settled down more than \$5 on Wednesday as a bleaker macroeconomic outlook and fuel demand destruction came into focus, following a meeting of an OPEC+ panel, grouping the Organization of the Petroleum Exporting Countries and allies led by Russia.

On the other end Gold and silver futures continued their downward trend for the seventh consecutive day on Wednesday, influenced by the surge in US yields. The spot price of gold, more closely watched by some traders than futures, settled at \$1,821.20, down \$1.78, or 0.1%, for the day. Spot gold fell 4% last week, the most since a near 6% plunge during the week to June 11, 2021. This week, it is on course for another 1.5% drop.

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0322	1.0726
GBP/USD	1.1960	1.2362
USD/ZAR	17.3050	21.3238
USD/AED	3.6526	3.6936
USD/JPY	146.53	150.55

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.