



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH OCTOBER 2023

DOMESTIC NEWS

The Kenyan shilling fell against the dollar on Thursday, as foreign-currency inflows failed to meet demand even though it was less than usual. Commercial banks quoted the shilling at 149.00/20 per U.S. dollar, compared with Wednesday's closing rate of 148.90/149.10.

Kenya's trade deficit for the first eight months of the year narrowed by nearly double digits on falling import bills due to reduced expenditure on materials for factories, machinery for infrastructure projects, and fuel. The deficit – the gap between merchandise exports and imports – fell to Sh1.01 trillion from nearly Sh1.12 trillion a year ago, provisional official data showed this week. The 9.70 percent, or Sh108.42 billion, drop in the merchandise trade came at a time when growth in the manufacturing sector showed signs of a slowdown while the new administration cut investment in mega public infrastructure projects. The data, collated by the Kenya National Bureau of Statistics, shows the value of imports fell a marginal 2.05 percent to Sh1.67 trillion in the period January-August 2023 compared with the corresponding period last year.

(Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	145.20	156.70	145.20	156.45
GBP/KES	178.08	189.93	177.28	190.48
EUR/KES	152.49	165.89	152.79	167.29
AED/KES	36.62	49.62	38.62	50.12

Amounts > 10 million		Amounts >100,000
KES		USD
2 Weeks	9.50%	1.50%
1 Month	9.75%	2.50%
3 Months	10.00%	3.25%
6 Months	10.25%	3.50%
1 year	10.50%	4.25%



USD movement from July 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

The dollar rose sharply on Thursday after U.S. consumer prices rose more than expected in September, lifted by an elevated cost of rent that raised the prospect of the Federal Reserve keeping interest rates high for some time. The Labor Department's report on Thursday showed the annual increase in consumer prices last month, excluding the volatile food and energy components, was the smallest in two years, but the surprise surge in rental costs rippled across markets. While many shrugged off the move higher in rental costs, others concluded the Fed's mission to lower inflation to its 2% target isn't quite there. The dollar index, a measure of the U.S. currency against six others, jumped 0.85% to 106.550 in its biggest single-day gain since March 15.

Elsewhere the GBP/USD rose 0.1% to 1.2323 after the U.K. economy grew 0.2% in August, according to data released earlier Thursday, partially recovering after a sharp 0.6% drop in July. This growth reduces the possibility of a recession starting as early as the July-September period, with the ONS stating that the economy would need to grow by 0.2% in September to avoid a contraction in the third quarter. EUR/USD rose 0.2% to 1.0634, with the euro continuing to rise after touching an over two-week high on Wednesday. AUD/USD rose 0.1% to 0.6419, NZD/USD fell 0.2% to 0.6006 and USD/CNY edged lower to 7.2977.

In the commodities markets, Oil prices rose on Friday after the U.S. tightened its sanctions programme against Russian crude exports, raising supply concerns in an already tight market, and global inventories are forecast to decline through the fourth quarter. Brent futures rose 50 cents, or 0.6%, to \$86.50 per barrel and U.S. West Texas Intermediate (WTI) crude gained 64 cents, or 0.8%, to \$83.55 a barrel.

On the other end Gold bulls have been reminded again that it's hard to put the dollar down for too long. The spot price of gold, more closely watched by some traders than futures, was at \$1,869.65, down \$4.71, or 0.3%, on the day. The session peak for spot gold was \$1,867.96, keeping its typical \$30 discount to futures. Gold's most-active futures contract on New York's Comex, December, settled down \$4.30, or 0.2%, at \$1,883 an ounce after soaring to \$1,897.90 – a peak not seen since Sept. 27 when it was still in the \$1,900 territory.

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0345	1.0748
GBP/USD	1.2005	1.2408
USD/ZAR	16.9813	20.9958
USD/AED	3.6526	3.6936
USD/JPY	147.10	151.30

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.