



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH OCTOBER 2023

DOMESTIC NEWS

The Kenyan shilling edged lower against the dollar on Friday, as foreign-currency inflows from the tea sector and the diaspora were insufficient to meet the importers' foreign exchange demand. Commercial banks quoted the shilling at 148.95/149.15 per U.S. dollar, Compared with Thursday's closing rate of 148.85/149.05.

Super Petrol increased by Sh5.72 litre, Diesel by Sh4.48 litre and Kerosene by Sh2.45 litre in this month's review by energy regulator Epra. This means a liter of super petrol will retail at Sh217.36 in Nairobi, diesel at Sh205.47 while kerosene will retail at Sh205.06. The state has cushioned consumers from the projected increase through a stabilisation mechanism to be funded by the Petroleum Development Levy (PDL) in line with the Petroleum Development Levy, Order of 2020. Without the subsidy, a litre of super Petrol was to increase by Sh8.79, diesel by Sh16.12 and Kerosene by Sh12.05. According to EPRA, the situation would have been worse were it not for the Government-to-Government arrangement that has resolved the USD liquidity challenges that the petroleum sub-sector was faced with prior to April 2023 when the programme started. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	145.30	156.80	145.30	156.55
GBP/KES	177.56	189.41	176.76	189.96
EUR/KES	152.25	165.65	152.55	167.05
AED/KES	36.65	49.65	38.65	50.15

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 U.S. dollar edged lower in early European trade Friday but remained near the previous session's elevated levels after the release of sticky U.S. inflation data awakened the prospects of another Federal Reserve interest rate hike this year. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower at 106.222, just off Thursday's high of 106.60, when the index registered its biggest one-day percentage jump since March. Headline U.S. consumer prices grew at a faster-than-anticipated rate in September, data showed Thursday, potentially complicating the Federal Reserve's upcoming policy decisions aimed at corraling elevated inflation. Economists had expected readings of 3.6% and 0.3%. This data stoked expectations that the Federal Reserve is perhaps not yet done with monetary tightening, boosting the dollar, even with many officials pointing to the recent run-up in Treasury yields as lessening the need to further tighten financial conditions.

Elsewhere the EUR/USD rose 0.1% to 1.0537, after a sharp drop during the previous session, with more inflation data emerging in the eurozone. GBP/USD rose 0.2% to 1.2193, AUD/USD rose 0.1% to 0.6319 and NZD/USD fell 0.2% to 0.5916. USD/CNY rose 0.1% to 7.3078 after China's exports for September shrank by 6.2% from a year earlier, while imports also declined by 6.2%, showing that the second-largest economy in the world remained in a difficult position.

In the commodities markets, Oil traded mostly flat on Monday after surging last week as investors wait to see if the Israel-Hamas conflict draws in other countries - a development that would potentially drive up prices further and deal a fresh blow to the global economy. Brent futures were last flat at \$90.89 per barrel. U.S. West Texas Intermediate (WTI) crude was down 2 cents to \$87.67 a barrel. Both benchmarks climbed nearly 6% on Friday, posting their highest daily percentage gains since April, as investors priced in the possibility of a wider Middle East conflict. Russia is one of the world's top crude exporters, and the tighter U.S. scrutiny of its shipments could curtail supply.

On the other end Gold prices fell on Monday, reversing course after increased safe haven demand spurred a series of strong gains in the yellow metal, with focus remaining on any potential spillover from the Israel-Hamas war. Spot gold fell 0.7% to \$1,920.07 an ounce, while gold futures expiring in December fell 0.4% to \$1,933.15 an ounce.

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0323	1.0725
GBP/USD	1.1957	1.2362
USD/ZAR	16.9642	20.9745
USD/AED	3.6529	3.6930
USD/JPY	147.43	151.46

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.