



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH OCTOBER 2023

DOMESTIC NEWS

The Kenyan shilling weakened to a new low against the dollar on Monday. The shilling was trading at 149.35/55 per U.S. dollar, compared with Friday's closing rate of 149.20/40

Kenya spent an equivalent of two-thirds of tax revenues to service mounting obligations to domestic and external creditors in the first quarter of this financial year, official data shows. Public debt repayment costs hit a record Sh347.22 billion for the three months ended September, according to exchequer statistics published by Treasury Cabinet Secretary Njuguna Ndung'u last Friday. That represented a 46.53 percent jump over Sh236.96 billion in a similar period a year ago. The amount spent on servicing domestic and foreign debt was an equivalent of 67.52 percent of Sh514.26 billion tax collections, higher than 50.94 percent of Sh465.20 billion tax receipts in the corresponding period of last fiscal year. The Treasury has, for instance, budgeted for Sh1.75 trillion towards servicing Kenya's debt this fiscal year compared with Sh1.16 trillion in the year ended last June. (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	178.09	189.94	177.29	190.49
EUR/KES	152.57	165.97	152.87	167.37
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

Focus is now on U.S. retail sales and industrial production data due later today, with any signs of resilience, particularly in retail spending, pointing to an elevated outlook for inflation. This kept the dollar pinned near 10-month highs, with the dollar index and dollar index futures rising slightly in Asian trade on Tuesday. U.S. consumer inflation read higher-than-expected for September, data showed last week, ramping up concerns that the Fed will remain hawkish for longer, in order to bring down sticky inflation. A string of Fed officials are also set to speak this week, most notably Fed Chair Jerome Powell on Thursday. Powell's comments will be closely watched in the wake of the strong inflation readings, given that the Fed Chair had signaled higher for longer rates at the Fed's previous meeting.

Elsewhere the GBP/USD retraces the recent gains registered in the previous session, trading lower around 1.2200 during the Asian session on Tuesday. EUR/USD pulls back from the recent gains, trading lower around 1.0550. The INR was flat, while the AUD rose 0.3% as the minutes of the Reserve Bank of Australia's recent meeting showed that policymakers were still considering more rate hikes, amid recent stickiness in inflation. The JPY was flat, hovering just below the 150 level as markets watched for any potential government intervention in currency markets. The CNY fell slightly on Tuesday, remaining near 11-month lows as markets hunkered down before key third-quarter gross domestic product data due on Wednesday.

In the commodities markets, Gold prices fell further on Tuesday, extending declines from the prior session as markets hunkered down before several upcoming cues on the U.S. economy, as well as a series of addresses from Federal Reserve officials. Spot gold fell 0.3% to \$1,915.32 an ounce, while gold futures expiring in December fell 0.3% to \$1,927.85 an ounce. Both instruments fell in a similar range on Monday.

On the other end Oil prices fell slightly on Tuesday after a more than \$1 slide on Monday amid hopes the U.S. would ease sanctions on producer Venezuela and as Washington stepped up efforts to prevent an escalation of the war between Israel and Hamas. Brent crude futures were down 5 cents at \$89.60 a barrel, while U.S. West Texas Intermediate crude (WTI) was down 23 cents at \$86.43 a barrel.

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0343	1.0747
GBP/USD	1.1993	1.2395
USD/ZAR	16.8084	20.8181
USD/AED	3.6524	3.6935
USD/JPY	147.59	151.61

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