



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 18<sup>TH</sup> OCTOBER 2023

### DOMESTIC NEWS

The Kenyan shilling fell against the dollar on Tuesday, as hard currency supplies from the diaspora failed to match demand from oil importers and the manufacturing sector. Commercial banks quoted the shilling at 149.40/149.60 per U.S. dollar, compared with Monday's closing rate of 149.20/40.

Collections from the Petroleum Development Levy (PDL) dipped by nearly Sh1 billion in the year ended June, pointing to the depressed consumption of super petrol and diesel. Official data from the Ministry of Energy and Petroleum shows that Kenya Revenue Authority (KRA) collected Sh25.2 billion from the levy in the year ended June, a Sh904.5 million drop from Sh26.1 billion raised the previous year. The drop points to a fall in consumption of super petrol and diesel in the wake of costly fuel, with a litre of super petrol increasing by Sh2 to Sh179.30 from March while that of diesel rose by Sh8 to Sh168.40 in the monthly cycle that started on May 14. Collections into the PDL kitty are used to stabilize pump prices and cushion consumers. However, a drop in the collections prompted additional funding from the Exchequer to meet the rising compensation demands. (Business Daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	145.65	157.15	145.65	156.90
GBP/KES	178.23	190.08	177.43	190.63
EUR/KES	153.37	166.77	153.67	168.17
AED/KES	36.74	49.74	38.74	50.24

	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 US Dollar has slipped through the Asian session after making some headway overnight on the back of Treasury yields pushing toward multi-year peaks. US retail sales rose by 0.7% month-on-month in September, higher than the 0.3% anticipated and slightly better than the burgeoning 0.6% for August. Treasury yields leapt higher across the curve with the 5- and 7-year bonds seeing the largest gains, adding around 15 basis points each. The monetary policy-sensitive 2-year Treasury note traded at 5.24% overnight for the first time since 2006 while the benchmark 10-year note traded within a whisker of the 4.88% seen earlier this month, the highest since 2007. The dollar index was last flat on the day at 106.23. It is holding below the 107.34 level reached on Oct. 3, the highest since November 2022.

Elsewhere the EURUSD pair hovers around 1.0575 after retreating from the 1.0600 mark during the early Asian session on Wednesday. GBPUSD was last at \$1.2174, down 0.34% on the day, after jumping 0.6% on Monday. The CAD weakened after Canada's annual inflation rate unexpectedly slowed to 3.8% in September and underlying core measures also eased, prompting markets and analysts to trim bets for another interest rate hike next week.

In the commodities markets, Gold prices rose sharply on Wednesday, nearing a one-month high as a potential escalation in the Israel-Hamas war drove up safe haven demand, while copper prices also rose tracking a positive reading on China's economy. Spot gold rose 0.8% to \$1,937.80 an ounce, while gold futures expiring in December jumped 0.8% to \$1,950.65 an ounce. Rising concerns over an escalation in the Israel-Hamas war provided a major boost to gold prices over the past week, as demand for conventional safe havens increased. Gold was sitting on a 5% gain in the prior week.

On the other end Oil prices surged on Wednesday as tension escalated in the Middle East after hundreds were killed in a blast at a Gaza hospital, sparking concerns about potential oil supply disruptions from the region. Brent crude futures advanced \$1.69, or 1.9%, to \$91.59 a barrel. West Texas Intermediate crude (WTI) futures were up \$1.84, or 2.1%, at \$88.50 a barrel. Markets factored in risk premiums after about 500 Palestinians were killed in a blast at a Gaza City hospital on Tuesday that Israeli and Palestinian officials blamed on each other.

(Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0379	1.0783
GBP/USD	1.1984	1.2385
USD/ZAR	16.7334	20.7478
USD/AED	3.6524	3.6934
USD/JPY	147.55	151.68

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.