



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 19<sup>TH</sup> OCTOBER 2023

### DOMESTIC NEWS

The Kenyan shilling inched lower on Wednesday, as foreign-currency inflows from diaspora remittances failed to meet importers' demand.

Commercial banks quoted the shilling at 149.65/85 per U.S. dollar, compared with Tuesday's closing rate of 149.50/149.70.

The Kenya Revenue Authority (KRA) has so far collected KSh3.4 Billion from the ongoing tax amnesty programme. Speaking during a media round table, Caroline Rotich, the Chief Manager Domestic Taxes Department, said that more than 17, 000 taxpayers have applied for tax amnesty and are expected to remit KSh10.5 billion. The amnesty programme will allow KRA to waive billions from the taxpayers. Qualified taxpayers will be entitled to automatic waiver of the penalties and interest related to that period and will not be required to make an amnesty application. Through the Finance Act 2023, KRA has introduced tax amnesty programme that allows taxpayers to apply for waiver of penalties and interest accrued until December 31, 2022.

(Business Daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	145.80	157.30	145.80	157.05
GBP/KES	177.65	189.50	176.85	190.05
EUR/KES	152.87	166.27	153.17	167.67
AED/KES	36.78	49.78	38.78	50.28

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 against the euro and yen on Wednesday as benchmark 10-year Treasury yields hit 16-year highs and as investors watched the war between Hamas and Israel for signs of escalation. The currency has benefited from expectations the U.S. Federal Reserve will hold rates higher for longer as it battles to bring inflation closer to its 2% annual target. Since mid-July, the benchmark 10-year Treasury yield has climbed about 120 basis points and the dollar index has risen around 7%. Fed funds futures traders are pricing in a 39% chance that the Fed could hike rates again by year-end, but only 6% odds of an increase next month, according to the CME Group's . Fed Bank of New York President John Williams also said interest rates will need to stay high for a while to get inflation back to the central bank's 2% target. The dollar index was last up 0.32% on the day at 106.55. It is holding below the 107.34 level reached on Oct. 3, the highest since November 2022.

Elsewhere the EURUSD dipped 0.38% to \$1.0536. It is up from \$1.0448 on Oct. 3, the lowest since December 2022. GBPUSD fell after a brief pop as British consumer price inflation (CPI) unexpectedly held at 6.7% in September, remaining the highest of any major advanced economy and keeping alive the possibility of another rise in interest rates. The JPY weakened against the greenback to a two-week low of 149.89. The Bank of Japan unexpectedly announced \$2 billion in bond-buying to keep downward pressure on yields.

In the commodities markets, Oil prices fell on Thursday, reversing gains in the previous session, after OPEC showed no signs of supporting Iran's call for an oil embargo on Israel and as the United States plans to ease Venezuela sanctions to allow more oil to flow globally. Brent futures for December fell 0.5%, or 43 cents, to \$91.07 a barrel. U.S. West Texas Intermediate (WTI) futures for November, which expire on Friday, dropped 0.2%, or 17 cents, to trade at \$88.15 per barrel.

On the other end Gold prices retreated from over two-month highs on Thursday as caution before a speech by Federal Reserve Chair Jerome Powell somewhat offset safe haven demand fueled by the Israel-Hamas war. Spot gold fell 0.1% to \$1,946.51 an ounce, while losses in gold futures were more pronounced, with futures down 0.5% at \$1,958.35 an ounce.

(Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0329	1.0732
GBP/USD	1.1920	1.2321
USD/ZAR	17.0415	21.0503
USD/AED	3.6526	3.6934
USD/JPY	147.80	151.82

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.