



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 24TH OCTOBER 2023

DOMESTIC NEWS

Kenya's shilling scraped lower against the dollar on Monday, as constrained foreign exchange inflows failed to match demand from the manufacturing sector and fuel importers. Commercial banks quoted the shilling at 150.00/20, compared to 149.90/150.10 at the close of Thursday's session.

The official exchange rate of the shilling against the dollar on Monday crossed the 150-unit mark following a period of sustained and consistent depreciation that has narrowed the gap between the official and retail selling rates of the US currency. Since the beginning of the year, the shilling has depreciated by 17.7 percent against the dollar, which is more than double the 8.3 percent it shed against the unit in the whole of 2022. The reopening of the interbank dollar market in April and the removal of a Central Bank of Kenya (CBK) rule that capped daily deviation from the indicative rate at 20 cents has helped the exchange rate find its own level through demand and supply.

(Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	146.10	157.60	146.10	157.35
GBP/KES	180.14	191.99	179.34	192.54
EUR/KES	155.44	168.84	155.74	170.24
AED/KES	36.87	49.87	38.87	50.37

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 fell against a basket of currencies on Monday, tracking a retreat in U.S. Treasury yields from the 5% level hit earlier in the session, and as traders awaited fresh U.S. economic data due later this week. The yield on the benchmark 10-year U.S. Treasury note declined on Monday after briefly rising above 5.0%, hitting the July 2007 milestone that it briefly attempted to scale last week and further threatening an economic slowdown on higher borrowing costs. Traders are on watch for several events this week, including a European Central Bank meeting, and the release of U.S. GDP data and the Federal Reserve's preferred inflation gauge. The dollar index, which measures the currency's strength against a basket of six rivals, was 0.6% lower at 105.56. The index had risen as high as 106.33 earlier in the session.

Elsewhere the GBP/USD continues the winning streak that began on Thursday, trading higher near 1.2270 during the Asian session on Tuesday. The EUR/USD jumped on Monday, driven by a weaker US Dollar. The pair broke a downtrend line and climbed 1.0676, the highest level in a month. The USD/JPY pair currently trades near 149.76, gaining 0.03% on the day. However, the fear of FX intervention by the Japanese authorities remains intact.

In the commodities markets, Gold prices traded in a mixed range on Tuesday, retaining most recent gains as traders watched for any more developments in the Israel-Hamas war, while focus also turned to a string of key U.S. economic readings due this week. Near-term demand for gold remained underpinned, with spot prices rising as the Israel-Hamas conflict fed safe haven demand. But a drop in gold futures signaled that gold bulls remained wary of higher-for-longer interest rates. Spot gold rose 0.1% to \$1,975.71 an ounce, while gold futures expiring in December fell 0.1% to \$1,986.55 an ounce. Both instruments remained within sight of a near three-month high.

On the other end Oil prices rose on Tuesday, recovering some of the previous day's losses, as investors remained nervous that the Israel-Hamas war could escalate into a wider conflict in the oil-exporting region, causing potential supply disruptions. Brent crude futures climbed 57 cents, or 0.6%, to \$90.40 a barrel, while U.S. West Texas Intermediate crude futures increased 54 cents, or 0.6%, to \$86.03 a barrel. Both benchmarks fell more than 2% on Monday as diplomatic efforts in the Middle East, the world's biggest oil-supplying region, intensified to contain the conflict between Israel and Hamas, easing investor worries about supply disruptions. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0477	1.0880
GBP/USD	1.2066	1.2466
USD/ZAR	16.8907	20.8975
USD/AED	3.6524	3.6934
USD/JPY	147.72	151.75

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