



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 26<sup>TH</sup> OCTOBER 2023

### DOMESTIC NEWS

The Kenyan shilling lost ground against the dollar on Wednesday, due to elevated hard-currency demand across all sectors and thin supply. Commercial banks quoted the shilling at 150.15/35 to the U.S. dollar, compared with Tuesday's close of 150.00/20.

Pakistan overtook the US and the Netherlands to become the largest destination for Kenya's goods in the first eight months of the year outside of the East African Community, pointing to increasing orders for tea. Analysis of Kenya's export earnings by value shows Pakistan ordered goods worth Sh48.28 billion in the review period, a 19.29 percent bump over Sh40.47 billion in the similar period the year before. Pakistan is the leading buyer of Kenya's tea, in addition to small quantities of leather, coffee, and spices. This came at a time Kenya's earnings from tea exports grew 13.54 percent in the review period to Sh120.13 billion, the KNBS data shows. The growth was largely helped by a weaker shilling against major international currencies, with data showing volumes of tea exports remained flat. (Business Daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	146.30	157.80	146.30	157.55
GBP/KES	177.58	189.43	176.78	189.98
EUR/KES	153.61	167.01	153.91	168.41
AED/KES	36.92	49.92	38.92	50.42

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 rose to a near 1-week high against a basket of currencies on Wednesday, as investors' appetite for riskier currencies faded following lacklustre corporate results that raised worries over the economic outlook, and as Treasury yields rose. The dollar index, which measures its strength against a basket of six rivals, was 0.3% higher at 106.5, its highest level in nearly a week. Global financial markets have been gripped by a surge in U.S. bond yields, which helped drive the dollar index to its highest in almost a year earlier this month. Data on Wednesday showed sales of new U.S. single-family homes surged to a 19-month high in September as the annual median house price dropped by the most since 2009 amid discounts offered by builders to woo buyers, but mortgage rates flirting with 8% could curb demand.

Elsewhere the GBP/USD is back under 1.2100 in early Europe on Thursday, extending this week's decline from the vicinity of 1.2300. The pair is pressured by risk-aversion, in the face of Mideast tensions and surging US bond yields, which boost the US Dollar ahead of the key GDP release. The EUR/USD pair remains on the defensive during the Asian session on Thursday and currently trades around the 1.0560 area, or a one-week low as traders keenly await the European Central Bank (ECB) rate decision. The USD/JPY ripped into a twelve-month high above 150.30 late Wednesday as markets continue to test the Bank of Japan's (BoJ) resolve at defending the 150.00 handle. The INR fell 0.2%, facing renewed pressure from a spike in oil prices on Wednesday.

In the commodities markets, Gold prices firmed in Asian trade on Thursday, with futures testing key levels as demand for traditional safe havens helped the yellow metal largely disregard a resurgence in the dollar and yields. Spot gold rose 0.5% to \$1,988.85 an ounce, while gold futures expiring in December rose 0.2% to \$1,999.20 an ounce.

On the other end Oil prices fell on Thursday after a rise in U.S. crude stockpiles and a climb in the dollar index, giving up some ground gained a day earlier when prices jumped on Middle East tensions. Brent crude futures declined by 28 cents or 0.3% to \$89.95 a barrel, while U.S. West Texas Intermediate crude futures eased 18 cents or 0.2% to \$85.21 a barrel. U.S. crude inventories climbed by 1.4 million barrels in the latest week to 421.1 million barrels.

(Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0349	1.0752
GBP/USD	1.1892	1.2296
USD/ZAR	17.1510	21.1727
USD/AED	3.6528	3.6932
USD/JPY	148.44	152.47

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.