



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 27TH OCTOBER 2023

DOMESTIC NEWS

Kenya's shilling weakened on Thursday, undermined by a general increase in importer demand for dollars that outstripped inflows, traders said. Commercial banks quoted the shilling at 150.30/50 per dollar, compared with Wednesday's closing rate of 150.10/30.

President William Ruto's administration has cut development expenditure but increased its maiden budget by Sh187.3 billion in an effort to confront economic headwinds related to missed tax targets, huge debt repayment obligations and spending pressures from critical sectors such as education and health. Treasury Cabinet Secretary Njuguna Ndung'u yesterday tabled his third mini-budget in which he slashed development spending by Sh41.96 billion. Development spending relates to costs incurred to create assets that will provide long-term public goods such as roads and hospitals. The government initially allocated Sh807.6 billion to development expenditure in the budget tabled in June.

(Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	146.40	157.90	146.40	157.65
GBP/KES	178.57	190.42	177.77	190.97
EUR/KES	154.04	167.44	154.34	168.84
AED/KES	36.95	49.95	38.95	50.45

	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

Most Asian currencies moved little on Friday as markets hunkered down before a series of major central bank meetings next week, while the Japanese yen strengthened slightly on strong inflation data but remained close to a one-year low. The dollar index and dollar index futures both moved little in Asian trade, but retained most gains made this week. Treasury yields also steadied after retreating slightly in overnight trade but remained within sight of multi-year peaks. Data released overnight showed that the U.S. economy grew more than expected in the third quarter, helping improve some sentiment. But anticipation of a Federal Reserve meeting next week kept traders largely cautious, although the central bank is widely expected to keep rates on hold. Fed officials have flagged the possibility of at least one more rate hike this year, amid sticky inflation and a strong labor market. Strength in the U.S. economy also gives the Fed more headroom to keep rates higher for longer- a scenario that bodes poorly for most Asian currencies.

Elsewhere the GBP/USD pair struggles to capitalize on the previous day's goodish rebound from the 1.2070 area. Spot prices manage to hold comfortably above the 1.2100 round-figure mark. EUR/USD cleanly broke through the topside of a descending trend channel last week and continued higher to briefly pierce minor resistance levels near 1.0680 to make a high at 1.0695. The USDJPY rose 0.1% as data showed consumer inflation in Japan's capital grew more than expected in October, heralding a similar rise in nationwide inflation.

In the commodities markets, Gold prices rose on Friday and were just shy of the key \$2,000 an ounce level as reports that the U.S. military struck Iran-linked targets in Syria spurred a renewed rush for safe haven assets. The strikes, which were on two facilities in Eastern Syria, were in retaliation for recent attacks on U.S. troops in Iraq and Syria, the Pentagon said on Thursday. The Pentagon also said that attacks on U.S. troops had increased since the onset of the Israel-Hamas conflict earlier this month. Spot gold rose 0.2% to \$1,989.49 an ounce, while gold futures expiring in December rose 0.1% to \$1,999.0 an ounce.

On the other end Oil prices rose by over \$1 on Friday as reports that the U.S military struck Iranian targets in Syria raised concerns of a widening of the Israel-Hamas conflict that could impact supply from the key Middle East producing region. Brent crude futures for December rose \$1.16, or 1.3%, to \$89.09 a barrel. The U.S. West Texas Intermediate contract for December climbed \$1.08, also 1.3%, to \$84.29 a barrel.(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0366	1.0768
GBP/USD	1.1935	1.2339
USD/ZAR	16.9063	20.9124
USD/AED	3.6526	3.6936
USD/JPY	148.30	152.50

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.