



DIB Bank Kenya

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TREASURY MARKET UPDATE 14TH NOVEMBER 2023

DOMESTIC NEWS

The Kenyan shilling slid to a historic low against the dollar on Friday. The shilling was trading at 151.65/85 per dollar, compared with Thursday's closing rate of 151.40/60. The shilling has been under pressure for more than two years as foreign exchange demand from oil importers and the manufacturing sector has outstripped inflows from commodity exports, offshore investors, tourism, and remittances. (Refinitiv)

The weakening of the Kenya shilling is raising the value of returns on assets based on foreign currencies, cushioning diversified investors from local economic challenges. Equities and fixed income investments tied to the US dollar and regional currencies have posted relatively better returns at a time when the local currency has depreciated significantly over the past two years. Most of the stocks listed on the Nairobi Securities Exchange (NSE) have recorded price declines and—until recently—the interest rates on local bonds offered little protection against inflation.

(Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	147.65	159.15	147.65	158.90
GBP/KES	182.10	193.95	181.30	194.50
EUR/KES	157.30	170.70	157.60	172.10
AED/KES	37.29	50.29	39.29	50.79

	Amounts > 10 million		Amounts >100,000	
	KES	USD	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 August 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

The US dollar held its ground today, as investors digested Federal Reserve Chair Jerome Powell's recent comments on the ongoing rate hikes and their impact on the economy. This stability comes against the backdrop of Moody's decision to downgrade the US sovereign credit rating, citing political and governance concerns. The market is closely watching this week's economic indicators, with Tuesday's Consumer Price Index (CPI) and retail sales figures taking center stage. Analysts are projecting a flat month-over-month headline CPI, which could see the year-over-year rate decrease to 3.3%. The core CPI, which excludes volatile food and energy prices, is expected to remain steady at 0.3% month-over-month or 4.1% year-over-year. Soft retail sales data might hint at tighter credit conditions impacting US consumers. The dollar index and dollar index futures both rose 0.1% in Asian trade, steadying after rebounding from six-week lows over the past week.

Elsewhere the EUR/USD rose 0.1% to 1.0692, bouncing after losses last week, with European Central Bank official Luis de Guindos scheduled to speak later today, giving the keynote speech to kick off Euro Finance Week. GBP/USD rose 0.1% to 1.2237, ahead of the U.K. monthly employment report on Tuesday, which includes average monthly earnings data, and a CPI reading on Wednesday, after GDP data last week showed the economy failed to grow. USD/JPY rose 0.2% to 151.78. USD/CNY rose 0.1% to 7.2948, with the yuan remaining weak after China's Singles Day recorded only limited growth, indicating that the country's consumers still lack confidence.

In the commodities market, Oil prices inched up on Tuesday on expectations of healthy market fundamentals, following an OPEC report saying demand remains strong, and concerns that supplies might be disrupted as the U.S. cracks down on Russian oil exports. Brent crude futures gained 30 cents, or 0.36%, to \$82.82 a barrel. U.S. WTI crude futures climbed 28 cents, or 0.36%, at \$78.54 a barrel. A U.S. crackdown on Russian oil exports could potentially disrupt supply, supporting prices further.

On the other end India's precious metal futures market witnessed a slight downturn. The Multi Commodity Exchange (MCX) of India reported a dip in gold futures due for delivery on December 5. Alongside gold, silver futures also experienced a decline. This move in the precious metals market comes amidst a period of stability in global markets, where COMEX gold prices remained steady at \$1938.8 per ounce. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0493	1.0896
GBP/USD	1.2066	1.2470
USD/ZAR	16.7406	20.7540
USD/AED	3.6528	3.6931
USD/JPY	149.80	153.72

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