



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH NOVEMBER 2023

DOMESTIC NEWS

Kenya's shilling weakened on Wednesday, hurt by higher demand for dollars from importers in various sectors, amid low hard currency inflows. Commercial banks quoted the shilling at 152.00/20 per dollar, compared with Tuesday's closing rate of 151.90/152.10. (Refinitiv)

Kenya's stock of external debts and the cost of repayment is increasing by Sh3.16 billion every day as the shilling sheds its value against the dollar, giving a fresh perspective to the country's exposure to foreign exchange volatility. This is after the country's stock of external debt rose by Sh382.59 billion in the four months to October 2023 while the debt service burden for these loans surged by Sh6.85 billion — all on the back of the weakening shilling. The disclosures are contained in the Central Bank of Kenya (CBK) presentation to the National Assembly's public debt and privatization committee about the affairs of Consolidated Fund Service (CFS). (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	148.20	159.70	148.20	159.45
GBP/KES	184.65	196.50	183.85	197.05
EUR/KES	160.05	173.45	160.35	174.85
AED/KES	37.44	50.44	39.44	50.94

	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 August 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

Most Asian currencies weakened on Thursday, tracking a recovery in the dollar as stronger-than-expected U.S. retail sales data brewed some uncertainty over the path of interest rates. Mixed signals from high-level U.S.-China talks also dented sentiment. While Presidents Xi Jinping and Joe Biden flagged more communication between the two countries after a meeting on Wednesday, a comment from Biden that Xi is a “dictator,” seemed likely to have irked Chinese authorities. The dollar rebounded from an over two-month low hit earlier this week, with overnight gains in the greenback extending into Asian trade. The dollar index and dollar index futures rose 0.1% on Thursday after adding 0.4% in the prior session. Signs of resilience in U.S. retail spending saw traders second-guessing expectations when the Federal Reserve will begin cutting interest rates in 2024. While data released earlier this week showed that U.S. inflation was easing, strength in consumer spending heralded sticky inflation in the coming months.

Elsewhere the GBP/USD fell 0.2% to 1.2475, dropping from levels last seen in September, after British inflation cooled by more than expected in October, offering some relief to the Bank of England. EUR/USD fell 0.1% to 1.0867, after climbing to its highest level since August on Tuesday, ahead of the latest eurozone industrial production release, which is expected to show a sharp drop in September. USD/JPY rose 0.2% to 150.66, with the Japanese yen's recovery from its one-year low hampered by weaker-than-expected gross domestic product data. USD/CNY fell 0.2% to 7.2398.

In the commodities market, Oil prices fell on Thursday, extending losses from the previous session, as signals of higher supply from the United States met worries about lackluster energy demand from China. Brent futures slipped 72 cents to \$80.46 a barrel. U.S. West Texas Intermediate crude (WTI) shed 67 cents to \$75.99 a barrel. Both benchmarks fell more than 1.5% in the prior session. U.S. crude stocks rose by 3.6 million barrels last week to 421.9 million barrels, according to the U.S. Energy Information Administration (EIA), far exceeding analysts' expectations in a Reuters poll for a 1.8 million-barrel rise.

On the other end Gold prices rose on Wednesday as softer-than-expected inflation data fueled bets that the Federal Reserve was done hiking interest rates, while copper prices rose on optimism over some economic resilience in China. Spot gold rose 0.2% to \$1,966.32 an ounce, while gold futures expiring in December rose 0.2% to \$1,970.00 an ounce. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0635	1.1040
GBP/USD	1.2195	1.2599
USD/ZAR	16.2424	20.2565
USD/AED	3.6528	3.6930
USD/JPY	149.30	153.32

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.