



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH NOVEMBER 2023

DOMESTIC NEWS

Kenya's shilling weakened to a new all-time low on Thursday due to increased demand for dollars from the manufacturing and energy sectors. Commercial banks quoted the shilling at 152.15/35 per dollar, compared with Wednesday's closing rate of 152.00/20. Its present level is a fresh low. (Refinitiv)

The International Monetary Fund (IMF) has moved to rescue Kenya from plunging into a financial crisis after the global lender confirmed that it was mobilizing funds to help the country to repay its \$2 billion Eurobond maturing in June next year. Besides approving an additional \$938 million (Sh142.6 billion) in its sixth review under the Extended Fund Facility (EFF) and Extended Credit Facility (ECF), the IMF cited the "uncertainty" over Kenya's ability to meet its June 2024 Eurobond obligation, as the main reason for its intervention. Kenya, like many other frontier and emerging countries, has struggled to access the international capital markets, making it difficult to get funds for retiring the \$2 billion (Sh304.4 billion) Eurobond borrowed nine years ago (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	148.30	163.30	148.30	162.80
GBP/KES	185.02	198.02	184.22	198.92
EUR/KES	160.32	174.22	160.62	177.12
AED/KES	37.47	50.47	39.47	50.97

	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

The dollar meandered on Thursday after U.S. jobless claims rose more than expected last week, indicating a cooling labor market that could prompt the Federal Reserve to cut interest rates in early 2024 as it tries to engineer a soft landing. The dollar index, a measure of the U.S. currency against six peers, edged higher 0.08% as a slowing U.S. economy leads the market to perceive the Fed is done raising rates. Claims for state unemployment benefits rose 13,000 to a seasonally adjusted 231,000 for the week ended Nov. 11, the Labor Department said. Economists polled by Reuters had forecast 220,000 claims for the latest week. The dollar plunged on Tuesday, also registering its biggest single-day decline in a year, after data on consumer prices came in softer than expected and increased the outlook for many that inflation was quickly decelerating to the Fed's 2% target. The dollar rebounded a touch on Thursday as the market wrestled with the uncertainty of when the Fed might cut its overnight lending rate of 5.25%-5.5%, which is still restrictive to economic growth.

Elsewhere the EUR/USD edged lower to 1.0844, but remains near to its highest level since August seen earlier in the week. GBP/USD fell 0.3% to 1.2382, with sterling continuing to weaken after Wednesday's data showed British inflation cooling by more than expected in October. U.K. CPI plunged to 4.6% on an annual basis in October, from 6.7% in September, with the fall in the annual CPI rate the biggest from one month to the next since April 1992. USD/JPY traded flat at 151.36, weakening past the 151 level again following overnight strength in the dollar, which put traders on watch for any currency market intervention by the government. USD/CNY rose 0.1% to 7.2533, with the yuan coming under pressure from data showing a sustained decline in Chinese house prices.

In the commodities market, Oil prices dropped around 5% on Thursday to their lowest in four months, as investors worried about global oil demand following weak data from the U.S. and Asia. Brent futures settled down \$3.76, or 4.6%, to \$77.42 a barrel. U.S. West Texas Intermediate crude (WTI) shed \$3.76, or 4.9%, to \$72.90. Both Brent and WTI earlier traded at their lowest since July 7, at \$76.60 and \$72.16, respectively. On the other end Gold prices steadied on Thursday, but paused a recent recovery rally after stronger-than-expected U.S. retail sales data brewed some uncertainty over the path of U.S. monetary policy. Spot gold rose 0.2% to \$1,963.26 an ounce, while gold futures expiring in December rose 0.1% to \$1,965.85 an ounce. Both instruments had recovered sharply from a three-week low earlier this week. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0648	1.1052
GBP/USD	1.2207	1.2612
USD/ZAR	16.3778	20.3935
USD/AED	3.6528	3.6930
USD/JPY	148.62	152.63

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.