



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 20TH NOVEMBER 2023

DOMESTIC NEWS

Kenya's shilling was stable on Friday, it was expected to weaken during the session due to increased demand for dollars from oil companies seeking to secure their requirements before the year's end. Commercial banks quoted the shilling at 152.25/45 per dollar, compared with Thursday's closing rate of 152.20/40. Its present level is a record low (Refinitiv)

The government cut subsidy spending to zero in the first quarter of September as President William Ruto implemented conditions by the International Monetary Fund (IMF) to end the support plans. The State had budgeted to spend Sh24.87 billion on subsidies, mainly fertiliser, in the 2023/24 financial year, but the spending did not materialise between July and September. This is a sharp contrast to the first quarter of 2022/23 financial year, during which the government had already splashed Sh43.91 billion on subsidies on maize flour, fuel, electricity, and fertiliser. But the consequences of the subsidy withdrawal are already being felt by consumers, especially through historic high fuel prices which have pushed up inflation over the past year. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	148.40	163.40	148.40	162.90
GBP/KES	186.31	199.31	185.51	200.21
EUR/KES	161.61	175.51	161.91	178.41
AED/KES	37.49	50.49	39.49	50.99

	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 U.S. dollar edged higher in early European trade Friday, but was heading for a sharp weekly loss after cooling inflation spurred growing bets that the Federal Reserve has completed its series of rate hikes. The Dollar Index, which tracks the greenback against a basket of six other currencies, rose 0.1% to 104.374, still on course for a weekly loss of around 1.3%. Tuesday's drop in U.S. consumer prices started the ball rolling, but oil slipping to four-month lows and news from Walmart (NYSE:WMT) on Thursday that it will cut prices to help struggling consumers in the holiday quarter have added to the disinflationary pressures. "Confidence that the Fed tightening cycle is over should be positive for the rest of the world currencies - especially those that are very sensitive to higher interest rates," said analysts at ING, in a note.

Elsewhere the GBP/USD fell 0.2% to 1.2377, weakening after data showed U.K. retail sales slumped 0.3% on the month in October, an annual fall of 2.7%, as British shoppers continued to struggle from the combination of higher interest rates and still elevated inflation. U.K. CPI plunged to 4.6% on an annual basis in October, from 6.7% in September, data showed earlier this week. EUR/USD fell 0.1% to 1.0839, but is set to gain around 1.5% this week, its largest weekly increase since mid-July. USD/JPY traded 0.2% lower at 150.44, with the yen among the biggest beneficiaries of recent dollar weakness, as this pair is on track to drop 0.7% this week - its best weekly gain in over four months. USD/CNY rose 0.1% to 7.2464.

In the commodities market, Gold prices were muted on Monday, but retained a bulk of last week's gains as easing concerns over rising U.S. interest rates pulled down the dollar. A weaker dollar helped commodity prices across the board, as a string of weak labor and inflation readings over the past week saw traders betting that the Federal Reserve was done raising interest rates. Spot gold was flat at \$1,982.49 an ounce, while gold futures expiring in December steadied at \$1,984.85 an ounce.

On the other end Oil futures nudged higher on Monday, extending gains on expectations of OPEC+ deepening supply cuts to shore up prices, which have fallen for four weeks on easing concern of Middle East supply disruption amid the Israel-Hamas conflict. Brent crude futures climbed 57 cents, or 0.7%, to \$81.18 a barrel while U.S. West Texas Intermediate crude was at \$76.40 a barrel, up 51 cents or 0.7%. In the Middle East, U.S. and Israeli officials said a deal to free some of the hostages held in the besieged Gaza enclave was edging closer despite fierce fighting. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0719	1.1122
GBP/USD	1.2280	1.2683
USD/ZAR	16.2643	20.2793
USD/AED	3.6529	3.6931
USD/JPY	147.11	151.12

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.