



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 21<sup>ST</sup> NOVEMBER 2023

### DOMESTIC NEWS

The Kenyan shilling weakened on Monday, as foreign currency inflows from the tourism and aid sectors failed to mop up demand from the energy and manufacturing sectors. Commercial banks quoted the shilling at 152.40/60 per U.S. dollar, compared with Friday's close of 152.30/50. (Refinitiv)

The World Bank Group has revealed a new \$12 billion (Sh1.8 trillion) loan package for Kenya expected to be disbursed over the next three years beginning July 2024, in what it says will support the journey to become an "upper-middle-income country by 2030". The Bank, which is now Kenya's single largest lender, has mobilised the funds through its sister funding agencies as loans and equity investments into Kenyan firms, in a major relief to the country that is facing a dollar crisis. The lender revealed that Kenya is already accessing about \$2 billion (Sh304 billion under prevailing exchange rates of \$1 to Sh152) in concessional financing every year that will be topped up with fresh commitments through its other lending arms of \$8.3 billion (Sh1.2 trillion), with \$4.4 billion (Sh670 billion) already available for disbursement. (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	186.93	199.93	186.13	200.83
EUR/KES	162.08	175.98	162.38	178.88
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 dollar index fell to its lowest in more than two months on Monday, continuing a drop from the prior week, as investors largely believe the U.S. Federal Reserve has completed its interest rate hike cycle and look towards when the central bank may start to cut rates. The dollar index hit a low of 103.37, its weakest level since Sept. 1, after a tumble of nearly 2% last week, which marked the biggest weekly percentage drop since mid-July. Markets have priced out any additional Fed rate hikes, as recent data has shown a slowing of the economy and inflation pressures - but not enough to increase fears a sharp recession is looming. The economic calendar is relatively light due to the shortened work week in the U.S. with the Thanksgiving Day holiday on Thursday. Markets are now attempting to determine when the Fed may begin to cut rates and are currently pricing in a greater than 50% chance of a cut of at least 25 basis points by May, according to CME's FedWatch Tool.

Elsewhere the euro and British pound both made modest gains against the softer dollar, with EUR/USD reaching approximately 1.0930 and GBP/USD slightly higher at around 1.2470. The Antipodean currencies also benefited from the dollar's dip; AUD/USD rose to .6555, and NZD/USD strengthened to .6022, largely due to the appreciating Chinese yuan which provided support across the region's currencies.

In the commodities market, Gold prices rose sharply on Tuesday, tracking a weaker dollar and Treasury yields as markets priced in no more rate hikes from the Federal Reserve, with the minutes of central bank's recent meeting now due later in the day. Spot gold rose 0.7% to \$1,992.17 an ounce, while gold futures expiring in December rose 0.7% to \$1,994.00 an ounce. Fed fund futures prices showed that traders were even pricing in the possibility that the Fed will begin trimming rates by as soon as March 2024.

On the other end Oil futures fell on Tuesday, reversing the previous day's rally, as concerns over weaker demand amid a slowing global economy outweighed the prospect of deepening supply cuts by OPEC and its allies such as Russia. Brent crude futures fell 36 cents, or 0.4%, to \$81.96 a barrel by 0439 GMT while U.S. West Texas Intermediate crude was at \$77.50 a barrel, down 33 cents, or 0.4%. The oil market has dropped about 16% since late September as crude output in the U.S., the world's top producer, held at record highs, while the market was concerned about demand growth, especially from China, the No. 1 importer of oil. (Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0755	1.1159
GBP/USD	1.2327	1.2728
USD/ZAR	16.3162	20.3296
USD/AED	3.6526	3.6936
USD/JPY	145.69	149.72

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