



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND NOVEMBER 2023

DOMESTIC NEWS

The Kenyan shilling weakened against the dollar on Tuesday, matching a record low achieved last week. The data showed the shilling trading at 152.50/70 per U.S. dollar, compared with Monday's close of 152.35/55. The shilling has lost 19.1% against the dollar since the start of the year, touching a record low of 152.50/70 in Friday's session. (Refinitiv)

Payroll taxes in the first quarter of the current financial year fell short of target by the biggest margin since the Covid-19 pandemic period, reflecting a tough labour market where firms are struggling to generate new jobs and offer pay rise. The Kenya Revenue Authority (KRA) netted Sh123.04 billion on earnings by workers in the July-September 2023 period, the latest disclosures by the National Treasury show, against a goal of Sh142.93 billion. The shortfall of 13.91 percent or Sh19.88 billion was the biggest since a similar period for the financial year 2020/21 when the underperformance amounted to 21.12 percent or Sh19.16 billion due to Covid-related reliefs between May and December 2020. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	148.60	163.60	148.60	163.10
GBP/KES	187.18	200.18	186.38	201.08
EUR/KES	161.56	175.46	161.86	178.36
AED/KES	37.55	50.55	39.55	51.05

	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 retreated once more in early European trade Tuesday, falling to a more than 2-month low ahead of the release of the minutes from the Federal Reserve's last meeting. The dollar index has fallen in seven of the last eight sessions as a string of soft labor market and inflation readings have seen traders speculate that the Federal Reserve has reached the end of its rate-hiking cycle, and cuts are the next logical step. Fed officials said inflation remained well above their target but noted that rates would only need to be raised if new data showed insufficient progress on reducing price pressures. The dollar has stumbled of late, dropping nearly 2% last week, as recent data has showed a slowing of the economy and inflation pressures, including the consumer price index (CPI), but not enough to increase fears a sharp looming recession, leading markets to price out any additional Fed rate hikes.

Elsewhere EURUSD fell 0.24% to \$1.0912 after reaching 1.0964, its highest since Aug. 11. AUD/USD exchange rate, which has recently dipped to 0.6553. GBP/USD faces key resistance at 1.2548.

In the commodities market, Gold prices steadied in Asian trade on Wednesday after briefly touching key highs as the prospect of no more rate hikes by the Federal Reserve spurred continued flows into the yellow metal. Spot gold was flat at \$1,999.39 an ounce, while gold futures expiring in December steadied at \$2,000.65 an ounce. Futures had risen as high as \$2,009.80 an ounce on Tuesday, before cutting some gains after the Fed minutes. Gold saw a series of strong gains in recent sessions, as weak U.S. labor and inflation data spurred increased bets that the Fed was done raising interest rates. Copper futures fell 0.4% to \$3.7897 a pound.

On the other end Oil prices barely moved during Asian trade on Wednesday as the market awaited potentially mixed news on the supply front, with the OPEC+ producers group expected to discuss output cuts and U.S. crude stocks forecast to show a big build-up. Brent crude futures fell 3 cents, or 0.04%, to \$82.45 a barrel. U.S. West Texas Intermediate crude futures fell 1 cent, or 0.01%, to \$77.76. Both benchmarks have fallen for four straight weeks, and prices weakened further last week on growing concerns about the demand outlook. Investors remained cautious ahead of Sunday's scheduled OPEC+ meeting, when the producer group may discuss deepening supply cuts due to slowing global economic growth. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0695	1.1100
GBP/USD	1.2313	1.2716
USD/ZAR	16.6620	20.6696
USD/AED	3.6524	3.6934
USD/JPY	146.94	150.96

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.