



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 2ND NOVEMBER 2023

DOMESTIC NEWS

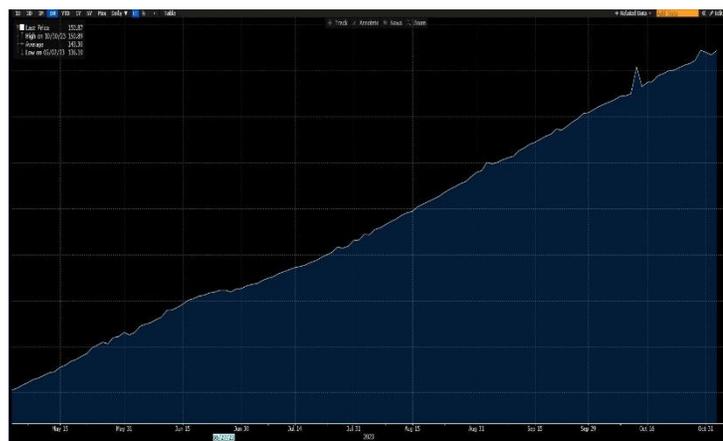
Kenya's shilling traded weaker on Wednesday due to demand for dollars from oil importers and the manufacturing sector as well as low supply of local currency. At 0914 GMT, commercial banks quoted the shilling at 150.70/90 per dollar, compared with Tuesday's closing rate of 150.60/80.

In other news, Diaspora inflows for the first nine months of the year grew at the slowest pace in the past 13 years, putting more pressure on the country's supply of dollars. Data from the Central Bank of Kenya (CBK) shows cash sent from abroad grew by four percent in the nine months to September marking the slowest growth since 2010 when inflows grew by two percent. The slow growth in diaspora inflows comes at a time the country is battling a forex issue with the local currency having shed close to a fifth of its value since January. The two percent growth witnessed in the first quarter of 2010 was the spillover effect of the global financial meltdown that hit advanced economies in the later years of the decade. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	146.90	158.40	146.90	158.15
GBP/KES	179.82	191.67	179.02	192.22
EUR/KES	155.02	168.42	155.32	169.82
AED/KES	37.08	50.08	39.08	50.58

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 July 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

Most Asian currencies strengthened on Thursday, while the dollar fell sharply after mixed signals from the Federal Reserve ramped up bets that the central bank will not raise interest rates further. The Australian dollar was among the best performers for the day, surging 0.7% and blazing past weaker-than-expected trade data. The Japanese yen jumped 0.5%, recovering sharply from a one-year low as government officials continued to threaten intervention in currency markets. But the yen was still above the 150 level to the dollar, having logged steep losses this week following dovish signals from the Bank of Japan. The dollar index and dollar index futures fell 0.5% each in Asian trade, extending overnight losses as traders ramped up bets that the Fed was done raising interest rates. While the Fed left rates unchanged, as expected, Chair Jerome Powell struck a less hawkish tone than markets were expecting, by acknowledging that monetary conditions had tightened substantially in recent months.

In the commodities markets, Oil gained more than 1% on Thursday to snap its three-day decline, as risk appetite returned to financial markets after the U.S. Federal Reserve kept benchmark interest rates on hold. Brent crude futures rose 89 cents, or 1.1%, to \$85.52 a barrel by 0324 GMT, while U.S. West Texas Intermediate crude futures advanced 91 cents, also 1.1%, to \$81.35 a barrel. Both benchmarks settled at their multi-weeks' lows in the previous session.

On the other hand, Gold prices will rise in 2024 from this year's average on bets that global central banks would start monetary policy easing and after the Middle East conflict provided a boost to gold's safe-haven rally above \$2,000, a Reuters poll showed on Wednesday. The poll of 30 analysts and traders conducted in October returned a median forecast for gold at \$1,986.5 a troy ounce for 2024, up from \$1,925 expected this year. Respondents have slightly lowered forecasts since July, when a similar poll predicted gold to average \$1,988 per ounce in 2024 and \$1,944.5 in 2023.

Elsewhere the global coffee market is expected to experience significant shifts in the coming year, according to the World Bank's Commodity Markets Outlook. The report predicts a decline in Arabica and Robusta coffee prices in 2024 due to increased supply from key producers Brazil, Vietnam, and Colombia.

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0393	1.0797
GBP/USD	1.1975	1.2330
USD/ZAR	16.5075	20.6075
USD/AED	3.6526	3.6936
USD/JPY	148.40	152.45

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.