



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 06TH NOVEMBER 2023

DOMESTIC NEWS

The Kenyan shilling weakened on Friday, undermined by strong dollar demand across economic sectors. Commercial banks quoted the shilling at 151.05/25 per U.S. dollar, compared with Thursday's close of 150.75/95. (Refinitiv)

The National Treasury, Kenya Revenue Authority (KRA), development partners and bilateral have embarked on the development of a revenue strategy to enhance domestic revenue mobilization over the medium term. The strategy will aim to improve efficiency in the administration of tax laws, create tax rates that enhance compliance and build tax base. The Cabinet Secretary National Treasury and Economic Planning Prof Njuguna Ndungu said the strategy is expected to strengthen policy dimension towards fiscal consolidation process with a target to achieve the East African Community convergence criteria of fiscal deficit of 3 per cent of GDP. To enhance transparency and accountability, the Government will present to Kenyans an elaborate formal account of how the resources have been used. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	147.20	158.70	147.20	158.45
GBP/KES	183.17	195.02	182.37	195.57
EUR/KES	157.43	170.83	157.73	172.23
AED/KES	37.17	50.17	39.17	50.67

	Amounts > 10 million		Amounts >100,000
	KES	USD	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

The US dollar is forecasted to maintain its strength through the end of 2023, despite traditional weakness in the November-December period. This strength is driven by US macro-outperformance and a hawkish Federal Reserve. High US rates, described as risk-negative events, are positively influencing the dollar while adversely affecting pro-cyclical currencies in Europe and Asia. Despite these trends, softer US macro data could potentially lead to a weaker dollar. However, significant shifts due to Chinese or European growth re-ratings are seen as unlikely. Notably, high US rates causing disruptions in the financial sector could result in a brief surge in dollar value due to tightened funding conditions. A slowdown in the US economy is predicted in the upcoming quarter, which could lead to currency predictions being revised. As we transition into 2024, a drop in the short end of the US economic curve is foreseen ahead of anticipated Fed easing next summer. The dollar index and dollar index futures both rose slightly in Asian trade after sinking to their lowest levels since late-September on Friday.

Elsewhere the GBP/USD traded largely unchanged at 1.2202, having risen 0.4% on Thursday, and was on course for a 0.7% weekly gain. EUR/USD rose 0.1% to 1.0630, on course to record a weekly gain of 0.6%, with traders now debating how long the European Central Bank will keep interest rates high given the regional economic weakness. USD/JPY fell 0.1% to 150.36, in holiday-thinned trade, while USD/CNY edged lower to 7.3152. AUD/USD rose 0.1% to 0.6439, on course for weekly gains of around 1.7%.

In the commodities market, Oil prices edged up on Monday after top exporters Saudi Arabia and Russia said they would stick to extra voluntary oil output cuts until the end of the year, keeping supply tight, while investors watched out for tougher U.S. sanctions on Iranian oil. Brent crude futures rose 41 cents, or 0.5%, to \$85.30 a barrel by 0000 GMT while U.S. West Texas Intermediate crude was at \$81.05 a barrel.

On the other end Gold prices fell in Asian trade on Monday, as any relief over a potential pause in the Federal Reserve's rate hikes was largely offset by traders selling the yellow metal in favor of more risk-driven assets. Gold saw some strength last week as weaker-than-expected U.S. nonfarm payrolls data, coupled with less hawkish signals from the Fed spurred deep declines in the dollar and Treasury yields. Spot gold fell 0.5% to \$1,984.24 an ounce, while gold futures expiring in December fell 0.4% to \$1,991.15 an ounce.

Indicative Cross Rates

	Indicative Cross Rates	
	Bid	Offer
EUR/USD	1.0532	1.0936
GBP/USD	1.2174	1.2578
USD/ZAR	16.2364	20.2487
USD/AED	3.6524	3.6934
USD/JPY	147.52	151.53

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.