



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 07<sup>TH</sup> NOVEMBER 2023

### DOMESTIC NEWS

The Kenyan shilling edged lower against the dollar on Monday, as foreign exchange inflows from tourism and exporters were insufficient to meet demand from fuel importers and the manufacturing sector. Commercial banks quoted the shilling at 151.15/35 per U.S. dollar, compared with Friday's close of 151.10/30. (Refinitiv)

Kenya has been forced to raise the budget for servicing bilateral loans to China by 36 percent on the back of rising interest rates and the sliding value of the shilling, shining a spotlight on the terms of the credit Nairobi signed with Beijing. Treasury Cabinet Secretary Njuguna Ndung'u is seeking approval from lawmakers to raise the estimated repayments towards loans contracted from China to Sh152.39 billion from Sh112.39 billion in the initial budget in June. The Treasury has attributed the jump of Sh40 billion or 35.59 percent to rising interest rates in the global environment at a time the shilling is also shedding its value due to what the Central Bank of Kenya links to years of overvaluation to the tune of 25 percent.

(Business Daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	147.30	158.80	147.30	158.55
GBP/KES	182.59	194.44	181.79	194.99
EUR/KES	157.10	170.50	157.40	171.90
AED/KES	37.19	50.19	39.19	50.69

	Amounts > 10 million		Amounts >100,000	
	KES	USD	KES	USD
2 Weeks	9.50%	1.50%	9.50%	1.50%
1 Month	9.75%	2.50%	9.75%	2.50%
3 Months	10.00%	3.25%	10.00%	3.25%
6 Months	10.25%	3.50%	10.25%	3.50%
1 year	10.50%	4.25%	10.50%	4.25%



USD movement from August 2023 – Date (Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar edged higher against the euro on Monday, after earlier dipping to an almost 8-week low on growing expectations that the Federal Reserve is done hiking interest rates, with U.S. central bank officials in focus this week for further signals on rate policy. Fed Chairman Jerome Powell is due to speak on Wednesday and Thursday, where the focal point will be on whether he maintains the more dovish tone he struck after the Fed's two-day meeting last week. Comments from other Fed officials will also be evaluated for signs on whether they expect further rate increases. Weaker than expected jobs growth in October released on Friday added to expectations of a slowing U.S. economy, which would support the Fed continuing to hold rates steady. The next major driver for markets will likely be next week's consumer price inflation data for October. The dollar index was last up 0.13% on the day at 105.19 after earlier dropping to 104.84, the weakest since Sept. 20. The index fell 1.4% last week, its largest weekly decline since July.

Elsewhere the EURUSD dipped 0.06% to \$1.0723 after earlier rallying to \$1.0756, the highest since Sept. 13. Economic weakness in the euro zone relative to the U.S. may cap further gains in the single currency against the greenback. GBP/USD rose 0.1% to 1.2384, continuing last week's strong rally ahead of the release of Britain's GDP data for the fourth quarter later this week. AUD/USD rose 0.1% to 0.6514, trading close to a two-month high as markets priced in a 25-basis point hike by the RBA on Tuesday. USD/JPY rose 0.1% to 149.58, in holiday-thinned trade, while USD/CNY fell 0.3% to 7.2789.

In the commodities market, Oil prices eased on Tuesday, giving up most of Monday's gains as mixed economic data from the world's second largest oil consumer China and winter demand worries offset the impact of Saudi Arabia and Russia extending output cuts. Brent crude futures slipped 47 cents, or 0.55%, to \$84.71 a barrel while U.S. West Texas Intermediate crude was at \$80.45 a barrel, down 37 cents, or 0.46%.

On the other end Copper prices experienced mild fluctuations on Monday due to uncertainty in demand, elevated supplies, and the impact of a weaker US dollar. The three-month copper contract on the London Metal Exchange (LME) remained stable at \$8,171 per metric ton, mirroring its weekly gain from Friday.

(Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0507	1.0911
GBP/USD	1.2129	1.2536
USD/ZAR	16.3541	20.3659
USD/AED	3.6528	3.6932
USD/JPY	148.26	152.27

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.