



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 09TH NOVEMBER 2023

DOMESTIC NEWS

The Kenyan shilling fell on Wednesday, as foreign-currency appetite from importers, oil marketers and manufacturers outweighed inflows. Commercial banks quoted the shilling at 151.40/60 per U.S. dollar, compared with Tuesday's close of 151.30/50. (Refinitiv)

Six out of seven key economic indicators show the country is in a tight spot as President William Ruto addresses the country on the State of the Nation on Thursday. Inflation—a measure of cost of living over a 12-month period—rose for the third consecutive month in October, driven mostly by high fuel prices. However, food prices have begun to fall due to favourable weather. The shilling has been trading at a record low of 151.3 against the dollar, data from the Central Bank of Kenya shows. A weak shilling means Kenyans pay more for imports such as fuel, fertiliser and wheat. A weak shilling also inflates the cost of servicing external debt. Fuel consumption between January and June dropped to the lowest levels in more than five years, excluding the Covid-19 period, amid high pump prices that depressed demand as people kept cars at home. (Business Daily)

Indicative Forex Rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 147.50 | 159.00 | 147.50 | 158.75 |
| GBP/KES | 182.13 | 193.98 | 181.33 | 194.53 |
| EUR/KES | 157.37 | 170.77 | 157.67 | 172.17 |
| AED/KES | 37.25 | 50.25 | 39.25 | 50.75 |

| | 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 August 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

The dollar was steady against the euro on Wednesday and gained against the yen as it consolidated after a sharp selloff last week on rising confidence that the Federal Reserve has ended its interest rate-hiking cycle. Many economists and analysts expect the U.S. economy to slow in the fourth quarter, which makes further rate hikes less likely and will dent the appeal of the greenback, which has benefited from the relative strength of the United States compared to other major economies. The greenback suffered after Fed Chair Jerome Powell was interpreted as striking a dovish tone at the conclusion of the Fed's two-day meeting last Wednesday, when it left interest rates unchanged. Powell did not comment on monetary policy in a speech on Wednesday. He is also due to speak on Thursday. The dollar index was last up 0.05% at 105.58. It fell 1.4% last week, its steepest weekly decline since mid-July. Weaker-than-expected jobs data for October on Friday added to last week's selloff. The next major U.S. economic releases will be consumer price inflation and retail sales data due next week.

Elsewhere the EURUSD edged up 0.02% to \$1.0702. USDJPY gained 0.41% to 151.03, heading back towards levels that have investors on watch for currency intervention. GBPUSD, which earlier in the week hit a seven-week top against the dollar above \$1.24, was last down 0.12% at \$1.2283. The Australian dollar fell another 0.57% to \$0.6400, having slid 0.8% in the previous session - its largest daily decline in about a month.

In the commodities market, Gold prices fell to a more-than three-week low on Thursday, extending a rash of recent losses after several Federal Reserve officials warned against bets that the central bank was done raising interest rates. Spot gold fell 0.1% to \$1,949.38 an ounce, while gold futures expiring in December fell 0.2% to \$1,954.30 an ounce. Both instruments were trading down over 2% each this week.

On the other end Oil prices rose on Thursday, recovering from near four-month lows as markets remained on edge over a slowdown in global crude demand, especially following weak signals from several major economies. Crude prices fell sharply this week, with Brent briefly trading below the key \$80 a barrel level as a storm of factors appeared to be working against oil markets. Data from the American Petroleum Institute (API) showed that U.S. crude inventories saw their biggest weekly build since February- at over 11 million barrels in the week to Nov. 3. (Reuters)

Indicative Cross Rates

| | Bid | Offer |
|---------|---------|---------|
| EUR/USD | 1.0506 | 1.0910 |
| GBP/USD | 1.2084 | 1.2486 |
| USD/ZAR | 16.4605 | 20.4776 |
| USD/AED | 3.6529 | 3.6931 |
| USD/JPY | 148.93 | 152.97 |

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