



DIB Bank Kenya

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TREASURY MARKET UPDATE 01ST SEPTEMBER 2023

DOMESTIC NEWS

The Kenyan shilling fell to another record low against the dollar on Thursday as importers sought scarce foreign currency. Commercial banks quoted the shilling at 145.40/60 per dollar, compared with Wednesday's closing rate of 145.30/50.

The Kenya Revenue Authority (KRA) has hit used car importers with a fresh round of tax increments after capping the maximum depreciation rate at 65 percent of the value of the vehicle from 70 percent previously. Pamela Ahago, the acting commissioner for the Customs and Border Control department, instructed the KRA staff to apply a new depreciation rate schedule for cars effective Friday. The directive will see taxes rise by more than 14 percent for vehicles manufactured in 2016 -- largely imported by dealers currently because of Kenya's eight-year age limit for used cars. (Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	141.50	153.00	141.50	152.75
GBP/KES	180.31	192.16	179.51	192.71
EUR/KES	152.89	166.29	153.19	167.69
AED/KES	35.61	48.61	37.61	49.11

Amounts > 10 million		Amounts >100,000	
KES		USD	
2 Weeks	8.50%	1.50%	
1 Month	9.00%	2.50%	
3 Months	9.50%	3.25%	
6 Months	9.75%	3.50%	
1 year	10.00%	4.25%	



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

INTERNATIONAL NEWS

The U.S. dollar stabilized in early European trade Thursday, after hefty losses this week as signs of a cooling U.S. economy pointed to limited headroom for the Federal Reserve to keep raising interest rates. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher at 103.162, after dropping nearly 1% so far this week. The greenback has weakened this week, pulling back from a near three-month high, on indications of cooling spending and hiring in the U.S., prompting traders to pare bets for further interest rate hikes by the Federal Reserve this year.

Elsewhere EUR/USD fell 0.2% to 1.0903, after gaining 0.4% on Wednesday when higher-than-expected inflation numbers in Germany and Spain raised the pressure on the European Central Bank to keep lifting interest rates. The eurozone CPI is expected to rise 5.1% on an annual basis in August, a slight cooling from July's 5.3%, but Wednesday's data pointed to potential upside. GBP/USD fell 0.1% to 1.2706, after gaining overnight as the dollar weakened, while USD/JPY fell 0.2% to 145.91, with the yen buoyed by stronger-than-expected retail sales data for July, although industrial production shrank more than expected. USD/CNY rose 0.1% to 7.2898 after PMI data released earlier Thursday showed that China's manufacturing sector contracted for a fifth straight month in August, albeit at a smaller-than-expected pace, while non-manufacturing activity missed expectations.

In the commodities markets, Gold prices moved little on Friday, steadying near three-week highs as markets awaited more cues on U.S. monetary policy from nonfarm payrolls data due later in the day, while copper prices rose on positive Chinese factory data. Spot gold steadied at \$1,940.14 an ounce, while gold futures expiring in December were flat at \$1,966.55 an ounce. Both instruments were still trading up between 1% and 3% for the week.

On the other end Oil prices were set to snap a two-week losing streak as they rose for a fourth consecutive session on Friday due to tightening supplies and expectations of the OPEC+ group of oil producers extending output cuts to the end of the year. Major benchmarks rose slightly, with the U.S. West Texas Intermediate crude (WTI) up 13 cents, or 0.2%, at \$83.76 a barrel, while Brent crude was up 17 cents, also 0.2%, at \$87/bbl. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0645	1.1047
GBP/USD	1.2462	1.2865
USD/ZAR	16.8201	20.8360
USD/AED	3.6525	3.6936
USD/JPY	143.52	147.53

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.