



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

**TREASURY MARKET UPDATE 11<sup>TH</sup> DECEMBER 2023**

**DOMESTIC NEWS**

The Kenyan shilling was stable against the dollar on Friday, buoyed by the central bank's policy rate hike earlier this week. At 1040 GMT, a trader at a commercial bank quoted the shilling at 153.20/40 per U.S. dollar, the same level as Thursday's close. (Refinitiv)

In other local news the free fall of the Kenya shilling has seen the construction cost soar in the past 12 months, lifting the expense per square metre by more than 20 percent. The latest State of the Built Environment report from the Architectural Association of Kenya shows the cost of building a square metre rose from a lower range of Sh34,650 to Sh77,500 at the start of the year to between Sh41,600 and Sh100,800 this month.

The high price of imported building materials and equipment has increased costs. (*Business daily*)

**Indicative Forex Rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	149.40	164.40	149.40	163.90
GBP/KES	188.31	201.31	187.50	202.21
EUR/KES	160.20	174.10	160.50	177.00
AED/KES	37.77	50.77	39.77	51.27

(Amounts > 10 million KES)		Amounts >100,000 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**

Most Asian currencies fell on Monday, with the Chinese yuan among the worst performers after data pointed to a sustained deflationary trend in the country, while the dollar steadied in anticipation of a Federal Reserve meeting. The greenback saw some strength on Friday after a stronger-than-expected nonfarm payrolls reading, which dented expectations for an early interest rate cut by the Fed. The central bank is widely expected to keep rates on hold this week, although its signals for 2024 will be in close focus. Stronger-than-expected nonfarm payrolls data saw traders scaling back bets that the Fed could cut interest rates in early-2024. Fed Fund futures prices show a 43% chance of 25 basis point cut in March, down from earlier expectations of over 60%.

The Japanese yen on the other hand, fell 0.3% but traded close to four-month highs hit last week following a slew of hawkish signals from the Bank of Japan. But the BOJ is still expected to keep policy ultra-loose in the near-term.

In the commodities markets, gold prices fell below key levels in Asian trade on Monday as strong labor market data saw traders rethink bets that the Federal Reserve will begin trimming interest rates earlier in 2024. Spot prices fell below the \$2,000 an ounce level, marking a sharp reversal from record highs hit last week. A resilient dollar and signs of strength in the U.S. economy were the key weights on the yellow metal, as risk sentiment improved.

Spot gold fell 0.4% to \$1,996.24 an ounce, while gold futures expiring February fell 0.1% to \$2,012.75 an ounce by 23:19 ET (04:19 GMT). Both instruments were trading about \$150 below record highs hit last week.

On the other hand, Oil prices rose on Monday, extending gains for a second session as U.S. efforts to replenish strategic reserves provided some support, although concerns of crude oversupply and softer fuel demand growth next year persisted. Brent crude futures rose 0.6%, or 48 cents, to \$76.32 a barrel by 0406 GMT, while U.S. West Texas Intermediate crude futures were at \$71.61 a barrel, up 0.5%, or 38 cents.

In the crypto world, On-chain analytics start-up reports an on-chain activity spike this week as Bitcoin and other cryptocurrencies rallied to new yearly highs. As a result, the Bitcoin network saw a large increase in transaction fees, surpassing Ethereum's total fees. In this comparison, Bitcoin fees increased by 60%, while Ethereum fees increased by nearly 50%. (Reuters)

**Indicative Cross Rates**

	Bid	Offer
EUR/USD	1.0564	1.1065
GBP/USD	1.2339	1.2740
USD/ZAR	17.0099	21.0075
USD/AED	3.6518	3.6927
USD/JPY	143.25	147.35

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.