



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH DECEMBER 2023

DOMESTIC NEWS

The Kenyan shilling was little changed in thin trade on Monday, after stabilizing last week when the central bank hiked its main interest rate to try to halt its slide. At 1108 GMT, the shilling was trading at 153.25/45 per U.S. dollar compared to its Friday's close of 153.20/40, LSEG data showed. The shilling has lost about 19.5% against the dollar this year and has struck repeated record lows along the way. (*Refinitiv*)

In other local news the value of dollar deposits in commercial banks increased by Sh528.56 billion in the first 10 months of the year majorly on the continued slump of the shilling against the dollar, rewarding customers with double-digit capital gains on their hard currency stock. Central Bank of Kenya (CBK) data shows dollar deposits rose by 57 percent from Sh921.05 billion at the end of last year to hit Sh1.449 trillion at the close of October, marking one of the fastest jumps in 10 months since 2011.

The rise in the dollar holdings came in the period when the shilling shed 22 percent of its value against the dollar to close October exchanging at 150.56 units to the dollar. The slump has continued, taking the year-to-date devaluation to 24.3 percent. (*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	188.53	201.53	187.73	202.43
EUR/KES	160.59	174.49	160.89	177.39
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 retreated on Wednesday, while the dollar steadied as sticky U.S. inflation data cast some doubts over what the Federal Reserve will signal at the conclusion of a meeting later in the day. Regional currencies were nursing some losses in recent sessions, as the dollar rebounded on signs of resilience in the U.S. labor market. Data for November also showed a mild uptick in inflation, indicating that the U.S. economy may not be cooling as rapidly as the Fed was anticipating. The dollar index and dollar index futures fell slightly but the greenback held above 104 against a basket of currencies, as uncertainty over the Fed's plans to cut interest rates in 2024 drove some flows into the dollar.

The Japanese yen shed 0.1%, having reversed much of a recent rally after media reports showed the Bank of Japan was in no hurry to tighten its ultra-dovish policy. A Bank of Japan meeting is also due next week, although the central bank is expected to signal no changes to negative interest rates.

In the commodities markets, Oil prices consolidated losses on Wednesday in Asian trade, after falling by more than 3% to six-month lows in the previous session on oversupply and demand concerns. Brent crude futures for February inched down 1 cent to \$73.23 a barrel by 0207 GMT. U.S. West Texas Intermediate crude futures for January dropped 2 cents to \$68.59 a barrel. The market stumbled in overnight trade as firmer-than-expected U.S. inflation readings for November bolstered the view the Federal Reserve was unlikely to cut interest rates early next year, which would weigh on consumption.

Gold prices moved little on Tuesday, with the yellow metal nursing a sharp fall away from record highs as markets hunkered down before key U.S. inflation data, as well as a Federal Reserve interest rate decision.

Gold lost the coveted \$2,000 an ounce level this week as markets second-guessed bets that the Fed will cut interest rates by as soon as March 2024. These bets had briefly driven gold to record highs of over \$2,100 an ounce earlier this month. Spot gold rose 0.2% to \$1,986.24 an ounce, while gold futures expiring February rose 0.4% to \$2,001.40 an ounce by 00:12 ET (05:12 GMT).

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0589	1.1092
GBP/USD	1.2355	1.2755
USD/ZAR	17.0099	21.0075
USD/AED	3.6518	3.6927
USD/JPY	143.30	147.25

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.