



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH DECEMBER 2023

DOMESTIC NEWS

Kenya's shilling lost ground on Thursday, due to increased importer demand for dollars from the manufacturing sector. At 0724 GMT, commercial banks quoted the shilling at 153.40/60, compared with Wednesday's closing rate of 153.30/50. In early Thursday trade, the shilling hit a new all-time low of 153.50/70 before recouping some losses.

In other local news about 45,000 Kenyans are in line to benefit from new jobs in a Sh23 billion financing project for micro, small, and medium enterprises (MSMEs).

The World Bank approved the Kenya Jobs and Economic Transformation Project (KJET) on Tuesday, which targets to increase private sector investments, access to markets and sustainable finance to create and improve jobs. The project targets 6,800 women in the MSME value chain.

(Business daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	149.50	164.50	149.50	164.00
GBP/KES	191.97	204.97	191.17	205.87
EUR/KES	163.87	177.77	164.17	180.67
AED/KES	37.79	50.79	39.79	51.29

(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

The dollar fell to a two-week low against the euro and a more than four-month low against the Japanese yen in a broad-based selloff on Thursday, after the Federal Reserve on Wednesday indicated that rate cuts are likely next year. The euro and pound, meanwhile, were supported by the European Central Bank and the Bank of England affirming the need to hold rates higher for longer.

Fed Chair Jerome Powell said at Wednesday's Federal Open Market Committee (FOMC) meeting that the tightening of monetary policy is likely over, with a discussion of cuts in borrowing costs coming "into view". The Fed's projections implied 75 basis points of cuts next year, from the current level.

The dollar index was last at 101.95, down 0.89% on the day. It earlier reached 101.76, the lowest since Aug. 10. Fed funds futures traders are now almost completely pricing in a 25 basis points cut in March, and 150 basis points in rate reductions by Dec. 2024. The pound rose 1.11% and earlier reached the highest since Aug. 22 after the Bank of England left interest rates unchanged and said that interest rates needed to stay high for "an extended period". It is also on pace for the best day since Nov. 14. The euro gained 1.08% to \$1.0991, the highest since Nov. 29. It is on track for its biggest daily percentage gain since Nov. 14.

In the commodities markets, Oil prices rose on Friday, on track to notch their first weekly rise in two months after benefiting from a bullish forecast from the International Energy Agency (IEA) on oil demand for next year and a weaker dollar. Brent futures rose 40 cents to \$77.01 a barrel at 0335 GMT. U.S. West Texas Intermediate (WTI) crude climbed 40 cents to \$71.98.

Both benchmarks are on course for a modest weekly gain, having been lifted by a mid-week announcement from the U.S. Federal Reserve that it is likely to cut borrowing costs next year.

Gold prices rose above key levels in Asian trade on Thursday, extending gains from the prior session after the Federal Reserve said it was done raising interest rates and projected lower borrowing costs in 2024.

The central bank kept rates on hold, as widely expected, and said it would likely cut interest rates by a bigger-than-expected margin in 2024, citing clear progress towards bringing inflation back within its 2% annual target. Spot gold rose 0.2% to \$2,031.88 an ounce, while gold futures expiring in February surged over 2% to \$2,046.45 an ounce by 23:50 ET (04:50 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

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