



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 01<sup>ST</sup> DECEMBER 2023

### DOMESTIC NEWS

The Kenyan shilling was unchanged on Thursday in a thin trading session. The shilling is down over 19% against the dollar this year and has set repeated record lows. Commercial banks quoted the shilling at 153.10/153.30 per U.S. dollar, the same level as Wednesday's close. (Refinitiv).

The Kenya Shilling's exchange rate depreciation against the US dollar and a tough business environment have continued to drive more listed firms, especially those that rely on imported raw materials, to issue profit alerts. Figures from Kenya's Purchasing Managers Index (PMI) show a decline in business condition in 2023, with the averaging 48.70 in H1'23 from 49.25 in H1'22. The PMI is expected to remain below the 50-point threshold in the short term on the back of high input costs and depreciation of the shilling, but gradually improve in the long term. (*Kenya wall street*)

### Indicative Forex Rates

|         | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 149.25   | 164.25    | 149.25 | 163.75  |
| GBP/KES | 189.75   | 202.75    | 188.95 | 203.65  |
| EUR/KES | 162.28   | 176.18    | 162.58 | 179.08  |
| AED/KES | 37.73    | 50.73     | 39.73  | 51.22   |

| Ndung'u. ( Amounts > 10 million | Amounts >100,000 |       |
|---------------------------------|------------------|-------|
|                                 | KES              | 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 U.S. dollar edged higher in early European trade Thursday but remained near a three-month low ahead of a key reading of U.S. inflation later in the session. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.4% higher to 103.120, just above the 102.46 level it hit on Wednesday, its lowest since Aug. 10. The dollar has received something of a boost after data showed the U.S. economy grew faster in the third quarter than initially reported. However, it's still down 3.2% in November, its worst month in a year, on growing expectations the Fed will cut interest rates in the first half of 2024. These expectations were boosted earlier this week after Fed Governor Christopher Waller, widely seen as a hawkish voice at the central bank, flagged the possibility of a rate cut in the months ahead, if the recent decline in inflation continues. The core reading, which strips out food and fuel costs and is considered a better gauge of underlying inflation, is expected to have risen 3.5% on a year-over-year basis, a drop from 3.7% the prior month, and the lowest since mid-2021.

EUR/USD fell 0.4% to 1.0924, with the euro retreating ahead of the release of the latest eurozone inflation data. GBP/USD fell 0.2% to 1.2671, retreating further from the three-month top of 1.2733 seen earlier in the week. USD/JPY traded marginally lower to 147.18, with the yen receiving little support from data that showed retail sales grew less than expected in October, while industrial production remained muted. USD/CNY edged lower to 7.1295, after a stronger midpoint fix from the People's Bank of China.

In the commodities market, Oil prices extended losses on Friday, and looked set for a sixth straight week of declines, as voluntary oil output cuts agreed by OPEC+ producers fell short of market expectations. Brent crude futures for February fell 39 cents, or 0.5%, to \$80.47 a barrel. U.S. West Texas Intermediate crude futures fell 23 cents, or 0.3%, to \$75.73.

Gold prices Gold prices fell slightly on Thursday as a recent rally in the yellow metal appeared to have paused, as markets awaited more cues on U.S. monetary policy from a key inflation reading due later in the day. Spot gold fell 0.1% to \$2,042.10 an ounce, while gold futures expiring in December fell 0.2% to \$2,044.10 an ounce. Both instruments were up between 2.5% and 3.1%, their second straight month of strong gains. (Reuters)

### Indicative Cross Rates

|         | Bid     | Offer   |
|---------|---------|---------|
| EUR/USD | 1.0706  | 1.1110  |
| GBP/USD | 1.2442  | 1.2845  |
| USD/ZAR | 16.8126 | 20.8240 |
| USD/AED | 3.6518  | 3.6927  |
| USD/JPY | 146.03  | 150.05  |

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.