



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST DECEMBER 2023

DOMESTIC NEWS

Kenya's shilling weakened against the dollar on Wednesday. At 0737 GMT, the shilling traded at 154.00/20 per dollar, compared with Tuesday's closing rate of 153.80/154.00. It first touched its present level, an all-time low, on Tuesday. Typically, demand for dollars comes from the manufacturing and energy sectors, while the shilling gets support from remittances from Kenyans living abroad, inflows from farm exports and tourism.

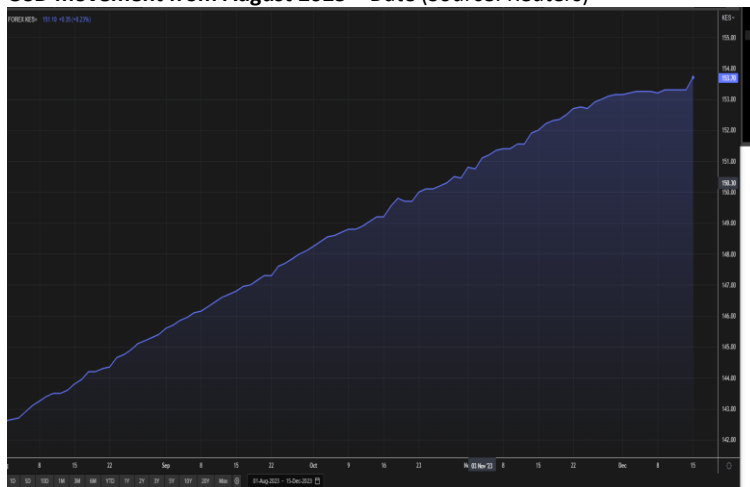
In other local news The Treasury funded Kenya Airways (KQ) to the tune of Sh16.27 billion without a loan agreement or recovery mechanism last year, the Auditor-General has revealed. In a special audit on the Treasury's use of public funds under Article 223 of the constitution, which allows the withdrawal of funds to use for emergency purposes that had not been factored during budget formulation, Auditor-General Nancy Gathungu faulted the Treasury for releasing the funds without an agreement and without a clear (*Business daily*)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	150.60	165.60	150.60	165.10
GBP/KES	191.41	204.41	190.61	205.31
EUR/KES	164.39	178.29	164.69	181.19
AED/KES	38.09	51.09	40.09	51.59

	(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

Most Asian currencies moved little on Thursday, nursing some losses from the prior session as the dollar recovered from near five-month lows amid some uncertainty over when the Federal Reserve will begin trimming interest rates. The greenback saw some safe haven demand following a rout in risk-driven equity markets, as investors locked-in profits after a recent rally. The dollar index and dollar index futures both fell slightly on Thursday, but were trading above a near five-month low hit earlier in the week. On the other hand, the pound was down 0.76% at \$1.2633, after slipping to a near 1-week low of \$1.2625. British inflation fell in November to its lowest rate in over two years, prompting investors to fully price in a BoE rate cut by May 2024 and assign a nearly 50% chance of a cut by March.

The Japanese yen rose 0.4% on Thursday, recovering a measure of steep losses earlier this week after the Bank of Japan maintained its ultra-dovish course. But the yen remained in sight of a five-month high touched last week. Focus this week is on Japanese consumer price index inflation due on Friday.

Oil prices fell on Thursday and were on track to snap a three-day winning streak, as concerns over low demand following a surprise U.S. crude inventory build outweighed jitters over global trade disruptions due to tensions in the Middle East.

Brent crude futures fell 22 cents, or 0.3%, to \$79.48 a barrel by 0303 GMT while U.S. West Texas Intermediate crude was at \$74 a barrel, also down 22 cents or 0.3%.

Both benchmarks ended higher on Wednesday for a third straight session, as investors worried about trade disruptions given major maritime carriers chose to steer clear of the Red Sea route, with longer voyages increasing transport and insurance costs. Gold prices moved little in Asian trade on Thursday, sticking to a trading range established over the past week as markets speculated over just when the Federal Reserve will begin trimming interest rates.

The yellow metal stuck to a range between \$2,000 and \$2,050 an ounce seen over the past week. While dovish signals from the Fed helped the metal break above the \$2,000 an ounce level, it struggled to make further gains as risk appetite improved and as traders second guessed expectations for early rate cuts from the Fed. Spot gold rose 0.3% to \$2,036.89 an ounce, while gold futures expiring February were flat at \$2,048.65 an ounce by 00:34 ET (05:34 GMT). (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0747	1.1150
GBP/USD	1.2434	1.2838
USD/ZAR	16.0235	20.0145
USD/AED	3.6521	3.6925
USD/JPY	141.12	145.15

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.