



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH DECEMBER 2023

DOMESTIC NEWS

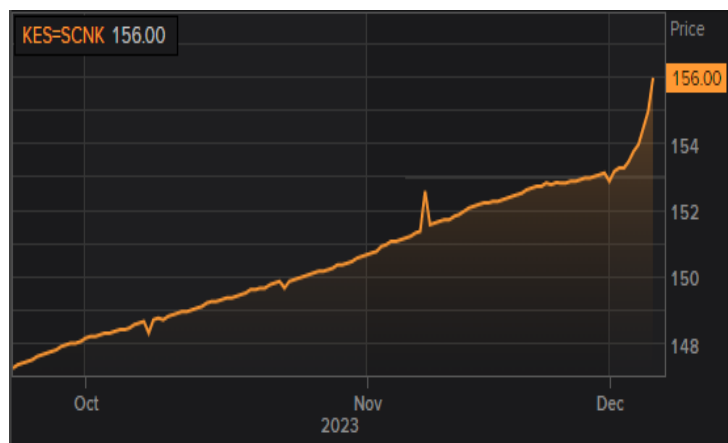
The Kenyan shilling traded the same on Wednesday due to many companies still closed for the holidays. Commercial banks quoted the shilling at 156.00/157.00 to the U.S. dollar.(Refinitiv)

In other news, Kenya will not pay the first instalment of its \$2.0 billion (Sh309.9 billion) Eurobond loan in advance this month, as earlier planned, with the government now awaiting advice from the lead arrangers on a new date next year. This marks a U-turn from the hard stop of December 31, 2023 for a \$300million (Sh46.5 billion) buyback that was announced by President William Ruto during the State of the Nation Address on November 9. The President sought to reassure jittery investors that Kenya was ready and capable of settling the Eurobond loan when it matures in June 2024. But the director-general in charge of Public Debt Management at the Treasury, Dr Haron Sirima, told the Business Daily last week that where- as the government was working to- wards a buyback, the time of doing so would be solely guided by advice received from the lead arrangers. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	152.00	167.00	152.00	166.50
GBP/KES	195.91	208.91	195.11	209.81
EUR/KES	168.49	182.39	168.79	185.29
AED/KES	38.47	51.47	40.47	51.97

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 Oct 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

Most Asian currencies stuck to a tight range on Wednesday, while the dollar languished near five-month lows amid persistent bets that the Federal Reserve will begin cutting interest rates early in 2024. Regional currencies logged sharp gains in December after the Fed said it was done raising interest rates, with recent softer-than-expected inflation data suggesting that the bank could trim rates by as soon as March 2024. But December's gains only served to trim steep losses in Asian currencies so far this year, as high U.S. interest rates and a largely resilient dollar spurred steady outflows from risk-heavy, high-yielding currencies through the year. Most Asian units were set for a muted end to 2023, although their outlook appeared somewhat brighter as the Fed flagged plans for interest rate cuts in the coming year. But while markets were optimistic over early cuts, the bank provided little cues on the timing of the planned cuts. The dollar index and dollar index futures moved little in Asian trade on Wednesday and remained pinned at five-month lows.

On the other hand, EUR/USD charged upwards on Wednesday, pushing past a key ceiling in the 1.1075/1.1095 area. If this bullish breakout is sustained in the near term, the pair may gravitate towards channel resistance at 1.1165 in short order. GBP/USD is in its strongest position since August, with prices steadily approaching an important ceiling extending from 1.2830 to 1.2850. The dollar gained 0.06% against the yen to 142.47. The Australian dollar rose 0.2% on Wednesday and was set to rise 0.2% in 2023. Focus was also on a Reserve Bank of Australia meeting next week, with the bank widely expected to keep rates on hold.

In the commodities markets, Oil prices steadied on Thursday after falling sharply in the previous session, as concerns eased about shipping disruptions along the Red Sea route even as tensions in the Middle East continued to rise. Brent crude futures inched up 10 cents, or 0.1%, to \$79.75 a barrel, while U.S. WTI crude futures were trading 5 cents lower at \$74.06 a barrel. Prices dropped nearly 2% on Wednesday as major shipping firms began returning to the Red Sea.

On the other hand, Gold prices kept to a tight range in Asian trade on Wednesday after rising optimism over early interest rate cuts by the Federal Reserve drove a strong melt-up in prices through December. Gold's recent rally was triggered by the Fed signaling it was done raising interest rates, and that it will trim lending rates in 2024. Spot gold steadied at \$2,064.84 an ounce, while gold futures expiring in February rose 0.3% to \$2,075.85 an ounce. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0909	1.1312
GBP/USD	1.2610	1.3013
USD/ZAR	16.3390	20.3678
USD/AED	3.6524	3.6934
USD/JPY	139.22	143.25

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