



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH DECEMBER 2023

DOMESTIC NEWS

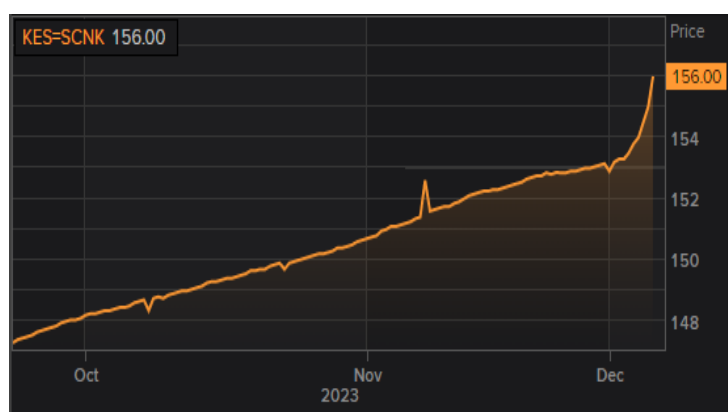
The Kenyan shilling traded the same on Thursday due to many companies still closed for the holidays. Commercial banks quoted the shilling at 156.00/157.00 to the U.S. dollar. (Refinitiv)

In other news, Kenya says it has paid the \$68.7 million (Sh10.8 billion) interest due on the \$2 billion (Sh312 billion) Eurobond that matures in July 2024, a day after it emerged that it had dropped the initial plan to make an advance payment of the principal before the end of 2023. In a statement yesterday, the exchequer noted it had settled Sh10.8 billion in interest due this month without delving into the details of the early buyback announced previously by President William Ruto. "The timely settlement of interest payments on the Eurobond has not only sent a positive signal to investors but has also resulted in a reduction in yields of Kenya's Eurobonds in the global financial markets. The final interest payment on this Eurobond is scheduled for the last week of June 2024, alongside the repayment of the principal amount of \$2 billion (about Sh312.1 billion at current ex-change rates)," Treasury Cabinet Secretary Njuguna Ndung'u (above) said yesterday. (Business Daily)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	151.50	166.50	151.50	166.00
GBP/KES	194.32	207.32	193.52	208.22
EUR/KES	167.11	181.01	167.41	183.91
AED/KES	38.34	51.34	40.34	51.84

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

The US Dollar (USD) took another nosedive in Asian trading on Thursday. The opening gap against the close from Wednesday was not a positive sign for the Greenback in the US Dollar Index (DXY). Though just minutes after the US opening bell, the DXY has completely reversed earlier losses and is flat for this Thursday. 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 improves to near 1.2740 on subdued US Dollar, focus on UK housing data. GBP/USD attempts to recover its losses registered in the previous session. 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 are set to end 2023 about 10% lower, the first annual decline in two years, after geopolitical concerns, production cuts and global measures to rein in inflation triggered wild fluctuations in prices. Brent crude futures were up 18 cents, or 0.2%, at \$77.33 a barrel on Friday, the last trading day of 2023, while the U.S. West Texas Intermediate (WTI) crude futures were trading 11 cents higher at \$71.88 a barrel in early Asian trade.

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	1.0867	1.1271
GBP/USD	1.2562	1.2968
USD/ZAR	16.5200	20.5462
USD/AED	3.6522	3.6932
USD/JPY	139.33	143.34