



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 7<sup>TH</sup> DECEMBER 2023

### DOMESTIC NEWS

Kenya's shilling was slightly stronger against the U.S. dollar on Wednesday, after a big interest rate hike by the central bank a day earlier. At 1005 GMT, LSEG data showed shilling trading at 153.15/35 per dollar, compared to 153.25/45 at the close of Tuesday's session. The central bank linked its 2-percentage-point rate hike to efforts to stabilize the shilling, which has struck repeated record lows this year. (Refinitiv)

In other local news the persistent bear run on the Nairobi Securities Exchange (NSE) has seen three companies including Credit Bank suspend plans to list on the bourse, fearing an adverse pricing of their shares.

Most stocks on the NSE including those of blue-chip firms such as Safaricom, KCB Group and East African Breweries Plc (EABL) have declined significantly due to multiple factors like foreign investor flight. Companies usually prefer going public in a bull market that allows them to sell shares at a premium valuation and enjoy a stable or rising paper wealth for shareholders once they list. (Business daily)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	149.35	164.35	149.35	163.85
GBP/KES	188.41	201.41	187.61	202.31
EUR/KES	160.08	173.98	160.38	176.88
AED/KES	37.76	50.76	39.76	51.26

(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 was at a two-week high on Wednesday, while the euro was weak across the board as markets ramped up bets that the European Central Bank (ECB) will cut interest rates as early as March. Although markets are still pricing at least 125 basis points of interest rate cuts from the U.S. Federal Reserve next year, the dollar was able to hold steady as rate cut bets for other central banks intensified. The dollar index, which measures the currency against six other majors, was last up 0.19% at 104.16. The euro was down 0.29% to \$1.0764. The euro also touched a three-month low against the pound, a five-week low versus the yen and a 6-1/2 week low against the Swiss franc. Elsewhere in Asia, the Japanese yen weakened 0.15% versus the greenback at 147.38 per dollar. The Australian dollar fell 0.02% to \$0.65495. In cryptocurrencies, bitcoin eased 0.06% to \$44,049, still near its highest since April 2022.

In the commodities market, gold prices moved little in Asian trade on Thursday as traders hunkered down in anticipation of more cues on a cooling U.S. labor market, while focus also remained on when the Federal Reserve planned to begin trimming interest rates. The yellow metal appeared to have settled into a trading range of between \$2,020 and \$2,050 an ounce after briefly surging to record highs above \$2,100 at the beginning of the week. Spot gold steadied at \$2,026.30 an ounce, while gold futures expiring in February fell 0.2% to \$2,043.05 an ounce by 00:24 ET (05:24 GMT).

Oil prices reclaimed some ground on Thursday after tumbling to a six-month-low in the previous session, but investors remained concerned about sluggish demand and economic slowdowns in the U.S. and China. Brent futures rose 38 cents, or 0.5%, to \$74.68 a barrel by 0409 GMT. U.S. West Texas Intermediate crude futures rose 42 cents, or 0.6%, to \$69.80 a barrel. For the first time in a year, the market structure for Brent contracts switched to trade in contango, with contracts for near-term delivery cheaper than six months later. Oil prices have fallen by about 10% since the Organization of the Petroleum Exporting Countries and allies, together called OPEC+, announced a combined 2.2 million barrels per day voluntary output cuts. (Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0561	1.0971
GBP/USD	1.2305	1.2840
USD/ZAR	16.9682	20.9627
USD/AED	3.6518	3.6927
USD/JPY	144.38	147.25

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.