



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 8TH DECEMBER 2023

DOMESTIC NEWS

Kenya's shilling was flat against the dollar on Thursday, as foreign-currency inflows from tourism propped up the local unit in a quiet session.

At 1055 GMT, a trader at a commercial bank quoted the shilling at 153.20/40 per U.S. dollar, the same level as Wednesday's close. On Tuesday Kenya's central bank unveiled a 200 basis point interest rate hike aimed at stabilizing the shilling, which has lost about 19.5% against the dollar this year, LSEG data show (Refinitiv)

In other local news Global credit ratings agency Fitch Ratings expects bad loans by Kenya's commercial banks to jump to 17 percent by the end of 2023 due to delayed payments by government contractors and expensive repayment.

In its latest outlook on African banking, the US-based rating agency also expects the new tax measures being implemented by the government to pile pressure on the repayment of personal loans. By the end of October, the ratio of non-performing loans (NPLs) to gross loans stood at 15.3 percent compared to 15 percent in September. A loan is categorized as NPL if it has not been serviced for more than three months. (*Business daily*)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	149.30	164.30	149.30	163.80
GBP/KES	188.97	201.97	188.17	202.87
EUR/KES	160.43	174.33	160.73	177.23
AED/KES	37.75	50.75	39.75	51.25

(Amounts > 10 million KES)		Amounts >100,000 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 Friday as traders positioned for a potentially softer U.S. nonfarm payrolls reading, while the yen sat near a four-month high to the dollar tracking hawkish signals from the Bank of Japan. The yen was the best-performing Asian currency this week, up over 2% after BOJ Governor Kazuo Ueda signaled that the central bank was considering an eventual move away from negative interest rates. The yen rose 0.2% to 143.88 against the dollar on Friday. The dollar index and dollar index futures steadied in the mid-103s in Asian trade, after falling sharply on Thursday. Job openings and private payrolls readings suggested that the U.S. labor market was cooling, potentially setting the scene for a softer nonfarm payrolls reading for November, which is due later in the day.

Elsewhere The Australian dollar rose 0.2% but was set to lose 0.8% this week following a string of weak economic readings. A slowdown in China, Australia's biggest export market, appeared to be spilling over into the country.

In Europe the EUR/USD currency pair experienced a slight recovery today, halting its six-day downward trend amid a broader sell-off of the US dollar and increased buying interest in the Japanese yen. The pair had reached a multi-week low since November 14 but found some support in the mid-1.0700s. This rebound comes despite expectations that weaker equity markets may limit the US dollar's losses and cap gains for the euro.

In the commodities markets, Oil benchmarks were headed for a seventh straight weekly decline on worries over a global supply surplus and weak Chinese demand, although prices recovered ground on Friday after Saudi Arabia and Russia called for more OPEC+ members to join output cuts. Brent crude futures rose \$1.29, or 1.7%, to \$75.34 a barrel by 0359 GMT, while U.S. West Texas Intermediate crude futures gained \$1.11, or 1.6%, to \$70.45 a barrel. Gold prices moved little in Asian trade on Friday, sticking above key levels as markets awaited a potentially softer U.S. nonfarm payrolls reading, which comes just days before a Federal Reserve meeting.

The yellow metal had raced to record highs at the beginning of the week, helped by a mix of rate cut bets and safe haven demand. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0584	1.1025
GBP/USD	1.2384	1.2794
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.