



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 04TH JANUARY 2024

### DOMESTIC NEWS

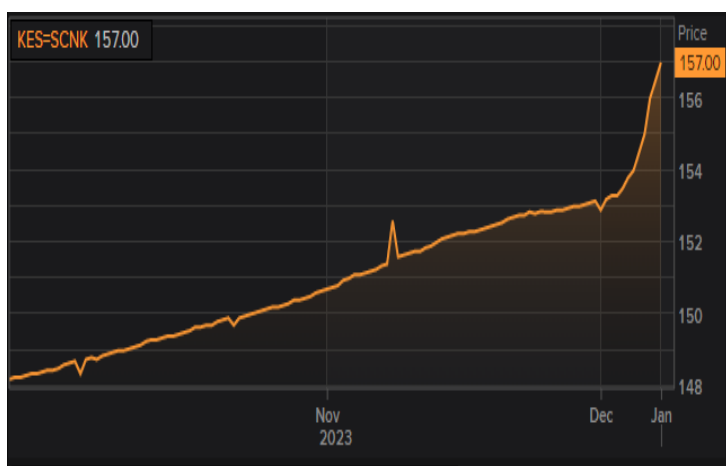
Kenya's shilling weakened on Tuesday, although activity was slow due to a lull during the holiday period. Commercial banks quoted the shilling at 156.70/157.70 per dollar, compared with Friday's closing rate of 156.50/157.50 (Reuters)

Kenya is now considering plunging into uncharted waters in search of much-needed funds to retire its \$2 billion (Sh314.9 billion) Eurobond, pointing to heightened desperation as the clock ticks towards the June 24 redemption date. Swapping the expensive commercial loan payments with nature conservation investments and issuing Chinese or Japanese bonds are just a few of the fresh alternatives that President William Ruto's administration is open to, the National Treasury has said in its 2024 draft Budget Policy Statement (BPS). "In light of increased cost of financing, the government will continue monitoring the global financial market conditions before accessing the international capital market for any liability management operations," said the Treasury in the draft BPS. (Reuters)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	153.10	168.10	153.10	167.60
GBP/KES	194.99	207.99	194.19	208.89
EUR/KES	166.76	180.66	167.06	183.56
AED/KES	38.78	51.78	40.78	52.28

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 dollar edged higher on Thursday as investors reassessed their expectations of the scale of rate cuts by the Federal Reserve this year, with an air of caution hanging over markets after an impressive risk rally last month. The greenback was on the front foot in early deals in Asia, as trading returned to full swing with Japan back from an extended New Year break. Minutes of the Fed's December policy meeting released on Wednesday showed officials were convinced that inflation was coming under control and were concerned about the risks of the central bank's "overly restrictive" monetary policy on the economy. However, there was no clear-cut clues on when the Fed could begin easing rates, with policymakers still seeing a need for rates to stay restrictive for some time. However, there was no clear-cut clues on when the Fed could begin easing rates, with policymakers still seeing a need for rates to stay restrictive for some time.

On the other hand, EUR/USD traded 0.1% higher at 1.0953, with the euro bouncing after having lost 0.95% on Tuesday, its largest daily decline since July last year. GBP/USD rose 0.2% to 1.2643, with sterling rebounding having slumped 0.9% in the previous session, its sharpest daily fall in nearly three months. USD/JPY traded 0.5% higher to 142.64, with the yen continuing to fall after dropping nearly 0.8% in the previous session. USD/CNY edged higher to 7.1448.

In the commodities markets, Gold prices rose slightly in Asian trade on Thursday, but hovered below key levels as the dollar rebounded on growing doubts over exactly when the Federal Reserve will begin trimming interest rates. Spot gold rose 0.1% to \$2,043.68 an ounce, while gold futures rose 0.4% to \$2,050.95 an ounce. Both instruments tumbled about 1% in the first two days of 2024. Copper futures expiring in March fell 0.5% to \$3.8502 a pound.

On the other hand, Oil prices rose on Thursday, adding to solid gains in the previous session on persisting concerns over Middle Eastern supply following disruptions at a field in Libya and heightened tension around the Israel-Gaza war. Brent crude rose 38 cents, or 0.5%, to \$78.63 a barrel by 0440 GMT, while U.S. West Texas Intermediate crude futures rose 52 cents, or 0.7%, to \$73.22. Both benchmarks rose by around 3% to settle higher for the first time in five days on Wednesday, with WTI seeing the biggest daily percentage gain since mid-November.

(Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0721	1.1125
GBP/USD	1.2464	1.2869
USD/ZAR	16.7078	20.7268
USD/AED	3.6522	3.6932
USD/JPY	141.79	145.79

For more details, contact our Treasury staff Mary, Bernard & Joseph 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.