



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 05TH JANUARY 2024

DOMESTIC NEWS

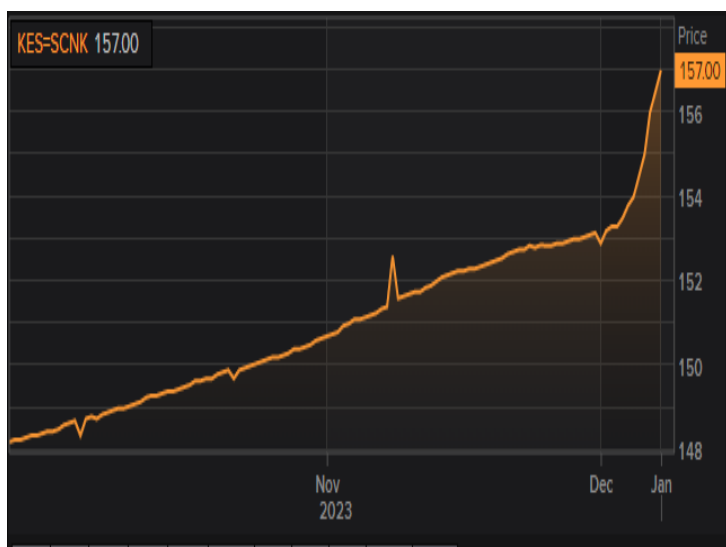
Kenya's shilling weakened against the dollar on Thursday, undermined by increased importer demand from most sectors of the economy. Commercial banks quoted the shilling at 157.00/158.00 per dollar, compared with Wednesday's closing rate of 156.50/157.50. (Reuters)

Kenya will need to pay in excess of Sh1 trillion to clear its outstanding sovereign debts or Eurobonds following the sharp weakening of the Kenya shilling since issuance of the securities. According to an analysis of the debt trend, Kenya's outstanding Eurobonds at issuance stood at Sh697.7 billion but have since swelled to Sh1.117 trillion from the depreciation of the local currency alone. This mirrors the risks posed by contracting debt in foreign currencies which leaves the country prone to refinancing risks at the maturity of the obligations. (Reuters)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	153.10	168.10	153.10	167.60
GBP/KES	195.12	208.12	194.32	209.02
EUR/KES	166.90	180.80	167.20	183.70
AED/KES	38.77	51.77	40.77	52.27

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 rose against most currencies on Thursday in choppy trading, bolstered by better-than-expected U.S. labor market data that dampened expectations of multiple interest rate cuts by the Federal Reserve this year. A crucial nonfarm payrolls report due on Friday could guide the outlook on Fed policy easing. Economists polled by Reuters forecast that 170,000 jobs were created in December, fewer than the 199,000 the month before. The U.S. currency gained on news that U.S. private employers hired more workers than expected in December. Private payrolls increased by 164,000 jobs last month, the ADP National Employment Report showed, the largest monthly increase since August. Economists polled by Reuters had forecast private payrolls rising by 115,000. In afternoon trading, the dollar index rose slightly to 102.44, after hitting two-week peaks on Wednesday.

On the other hand, EUR/USD traded 0.2% higher at 1.0947, after the latest French inflation figures came in slightly weaker than expected - rising 0.1% on the month in December, an annual rise of 3.7%. GBP/USD rose 0.2% to 1.2692, with sterling not far above its recent three-week low at 1.2667. USD/JPY traded 0.3% higher to 143.74, with the yen weakening after purchasing managers index data showed that Japanese economic activity remained fragile, as the manufacturing sector remained in contraction in December. USD/CNY edged higher to 7.1517.

In the commodities markets, Gold prices moved little in Asian trade on Friday after sinking below key levels this week following a sharp rebound in the dollar, with focus now squarely on key U.S. labor market data for more cues on interest rate cuts in 2024. Spot gold rose 0.1% to \$2,045.41 an ounce, while gold futures rose 0.1% to \$2,052.05 an ounce. Both instruments were down between 0.8% to 1% this week.

On the other hand, Oil prices edged higher on Friday after minutes from a Federal Reserve meeting suggested inflation was under control and as U.S. Secretary of State Antony Blinken prepared to visit the Middle East to prevent escalation in the Israel-Gaza conflict. Brent crude futures were up 37 cents, or 0.5%, to \$77.96 a barrel, while U.S. West Texas Intermediate crude futures rose 50 cents, or 0.7%, to \$72.69

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0731	1.1135
GBP/USD	1.2470	1.2875
USD/ZAR	16.7094	20.7216
USD/AED	3.6522	3.6932
USD/JPY	142.88	146.91