



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 09TH JANUARY 2024

DOMESTIC NEWS

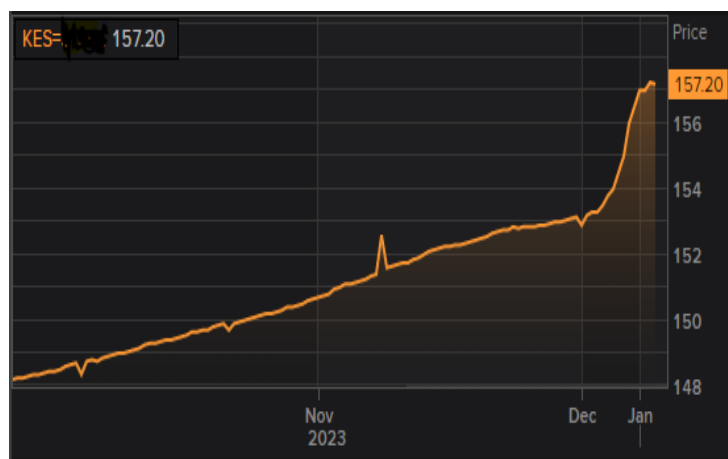
Kenya's shilling weakened on Monday, undermined by a general increase in demand for dollars from across all sectors of the economy and slowing inflows. Commercial banks quoted the shilling at 157.50/158.50 per dollar, compared with Friday's closing rate of 157.00/158.00. (Reuters)

The government has raised its borrowing target for the current financial year by Sh168 billion on projection of lower tax collection that has seen ordinary revenue forecast revised down by Sh210 billion. The Treasury projects poor revenue performance during the year that ends June 2024, following a weaker start during the first five months of the financial year, when the Kenya Revenue Authority (KRA) collected just 34.6 percent of its 2023/24 revenue targets. This was down from a 40 percent collection rate during a similar period in 2022/23. The Treasury now says it plans to borrow Sh886.6 billion during the 2023/24 financial year, up from the target of borrowing of Sh718.9 billion as presented in the original budget in June last year. (Reuters)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	153.10	168.10	153.10	167.60
GBP/KES	196.31	209.31	195.51	210.21
EUR/KES	167.26	181.16	167.56	184.06
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 U.S. dollar edged higher in early European trade Monday, continuing to see demand as risk appetite remained subdued ahead of a key U.S. inflation report later in the week. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher at 102.262, remaining within sight of a three-week high. The dollar posted strong gains last week after traders abruptly scaled back expectations that the Federal Reserve could begin cutting interest rates as early as the first quarter of 2024. The monthly U.S. jobs report showed U.S. employers hired more workers than expected in December, suggesting a still-resilient labor market - one of the Federal Reserve's key metrics. This brings Thursday's U.S. inflation data squarely in focus, as markets seek out more cues on when the central bank could potentially begin trimming rates this year. U.S. CPI is seen rising by 0.2% month-on-month, an annual increase of 3.2% - a pick-up in inflation that could further boost the dollar as it bodes poorly for early rate-cut bets.

On the other hand, EUR/USD traded 0.1% lower at 1.0934, with the euro continuing to drift lower after a decline of 0.9% last week, ending a run of three weeks of gains. GBP/USD fell 0.2% to 1.2692, with sterling likely to see quiet trading this week ahead of Friday's release of GDP data for November. USD/JPY traded 0.1% lower to 144.50, after the yen last week logged its worst weekly loss since late-2022 in the wake of an earthquake battering central Japan. USD/CNY rose 0.3% to 7.1613, despite a stronger-than-expected daily midpoint fix by the People's Bank, as sentiment towards China remained weak.

In the commodities markets, Oil prices rose slightly on Tuesday after sliding in the previous session, as markets weighed Middle East tensions against demand worries and rising OPEC supply. Brent crude futures rose 18 cents, or 0.2%, to \$76.30 a barrel at 0445 GMT, while U.S. West Texas Intermediate crude futures inched up 0.1%, or 6 cents, to \$70.83 a barrel.

On the other hand, Gold prices fell in Asian trade on Monday, extending losses from the prior session as stronger-than-expected U.S. labor data saw markets reconsider expectations for early interest rate cuts. Spot gold fell 0.5% to \$2,035.69 an ounce, while gold futures expiring in February fell 0.4% to \$2,042.25 an ounce. Both instruments lost about 0.9% in the first week of 2024.

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0749	1.1153
GBP/USD	1.2539	1.2943
USD/ZAR	16.6034	20.6174
USD/AED	3.6522	3.6932
USD/JPY	141.79	145.77