



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 10TH JANUARY 2024

### DOMESTIC NEWS

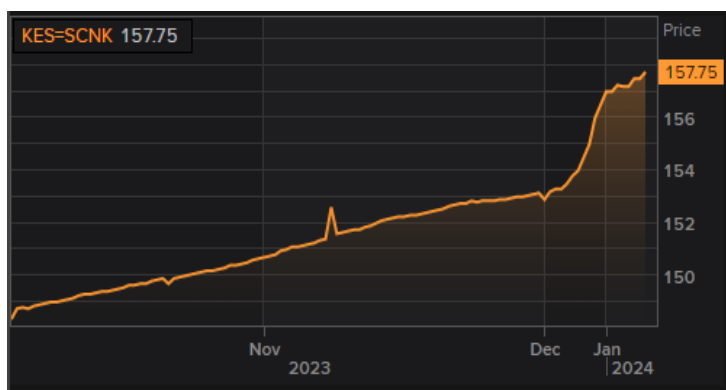
The Kenyan shilling weakened on Tuesday due to increased demand for dollars from manufacturing and oil-retailing companies that outmatched inflows from remittances and tea exporters. Commercial banks quoted the shilling at 157.75/158.75 to the U.S. dollar, compared with Monday's closing rate of 157.50/158.50. (Reuters)

The World Bank has projected Kenya's economy to grow at a faster rate of 5.2 percent this year, boosted by increased private sector investment as the government reduces its borrowing from the domestic credit market. This is a faster growth than the 5.0 percent it estimated earlier. According to the latest Global Economic Prospects, a World Bank Group flagship report, growth in non-resource-rich countries such as Kenya is projected to strengthen to 5.4 percent in 2024 and 5.7 percent in 2025. "Increasing investment is expected to drive growth in Kenya and Uganda, partly owing to improved business confidence," says the report. Net domestic borrowing by the Kenyan government in the fiscal year starting July 2024 is expected to reduce to Sh377.7 billion, or 2.1 percent of the gross domestic product (GDP), making space for increased borrowing by the private sector. (Reuters)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	154.00	169.00	154.00	168.50
GBP/KES	196.71	209.71	195.91	210.61
EUR/KES	167.84	181.74	168.14	184.64
AED/KES	39.02	52.02	41.02	52.52

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 steadied from recent losses as markets remained on edge before key U.S. inflation data that is expected to factor into the path of interest rates. Regional currencies were nursing steep losses over the first week of 2024, as markets questioned whether the Federal Reserve will begin trimming interest rates early in 2024. This notion boosted the dollar, helping the greenback rebound sharply from five-month lows. While the currency saw a spot of profit-taking on Tuesday, it remained well above its December lows. The dollar index and dollar index futures moved little in Asian trade on Wednesday, after seeing some strength in overnight trade. Focus remained chiefly on upcoming U.S. CPI data, which is expected to show inflation rose slightly in December. But sticky inflation, coupled with recent signs of strength in the labor market, give the Fed more headroom to keep rates higher for longer. While the central bank is expected to eventually cut interest rates this year, markets have grown increasingly doubtful over whether rate cuts will come by as soon as March 2024.

On the other hand, EUR/USD traded 0.1% lower at 1.0945, after data showed that German industrial production unexpectedly fell by 0.7% in November on a month-on-month basis, marking the sixth monthly decline in a row. GBP/USD fell 0.1% to 1.2733, with traders looking ahead to Friday's release of GDP data for November for further guidance. USD/JPY traded 0.1% lower to 144.09, after data showed inflation in Tokyo fell closer to the Bank of Japan's 2% annual target range in December. USD/CNY rose 0.1% to 7.1595.

In the commodities markets, Gold prices moved little in Asian trade on Wednesday, retaining most of their losses from the prior week as investors questioned bets on early interest rate cuts by the Federal Reserve. Spot gold steadied at \$2,029.30 an ounce, while gold futures expiring February steadied at \$2,034.65 an ounce. Copper futures expiring in March rose 0.3% to \$3.7717 a pound, but were trading down more than 2% so far in 2024.

On the other hand, Oil prices advanced in Asian trade on Wednesday, extending a recent rebound as signs of supply disruptions in the Middle East persisted, while industry data pointed to another week of sharp builds in U.S. product inventories. Oil prices were nursing an over 10% drop in 2023, as concerns over weak demand and less-tight markets battered prices through most of the year.

(Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0732	1.1133
GBP/USD	1.2495	1.2800
USD/ZAR	16.7306	20.7421
USD/AED	3.6522	3.6932
USD/JPY	142.84	146.85

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