



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 11TH JANUARY 2024

### DOMESTIC NEWS

Kenya's shilling lost ground on Wednesday, undermined by a general increase in demand for dollars, especially from the energy and manufacturing sectors. Commercial banks quoted the shilling at 158.50/159.50 per dollar, compared with Tuesday's closing of 157.75/158.75. Its present trading level is an all-time low (Reuters)

Kenyans will pay as much as 16.5 percent more in electricity prices this month after the energy regulator raised fuel and foreign exchange charges on the commodity in what is set to slow down the easing of the cost of living recorded in recent months. The Energy and Petroleum Regulatory Authority (Epra) in its latest monthly power prices review this week raised the energy charge by 8.7 percent to Sh4.33 per unit up from Sh3.98 last month. The higher energy charge signals an increase in output of expensive thermal electricity last month. The energy charge is collected by Kenya Power on behalf of thermal power generators to cover for their fuel costs. It also supports off-grid power stations that serve far-flung areas that are not connected to the grid. (Reuters)

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	155.00	170.00	155.00	169.50
GBP/KES	199.05	212.05	198.25	212.95
EUR/KES	169.70	183.60	170.00	186.50
AED/KES	39.29	52.29	41.29	52.79

	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

Most Asian currencies rose slightly on Thursday, while the dollar trimmed a bulk of its new year gains in anticipation of key U.S. inflation data for more cues on when the Federal Reserve could begin cutting interest rates. The dollar index and dollar index futures both fell 0.1% in Asian trade, extending overnight losses as traders maintained bets that the Fed will enact steep interest rate cuts this year. Consumer price index (CPI) inflation data due later on Thursday is widely expected to factor into expectations for interest rate cuts this year. Headline inflation is expected to rise slightly, while core CPI is expected to fall further. But inflation is still expected to remain well above the Fed's annual 2% target- a trend that could potentially see the central bank keep policy tighter for longer. The CME Fedwatch tool showed traders pricing in a 65% chance of a 25 bps cut in March- up from 60.8% seen a day earlier and 64.7% seen last week.

On the other hand, EUR/USD traded 0.2% higher at 1.0947, with the single currency helped by data showing that French industrial production rose 0.5% on the month in November, an improvement from the fall of 0.3% in the prior month. GBP/USD rose 0.1% to 1.2721, with Bank of England Governor Andrew Bailey set to testify before the U.K. Parliament later in the session on the financial stability report published in December. USD/JPY traded 0.3% higher to 144.94. USD/CNY traded largely flat at 7.1682. AUD/USD rose 0.4% to 0.6710.

In the commodities markets, Gold prices rose in Asian trade on Thursday, recovering slightly from a rough start to 2024, with focus now squarely on upcoming U.S. inflation data for more cues on the Federal Reserve's plans to cut interest rates. Spot gold rose 0.4% to \$2,031.78 an ounce, while gold futures expiring in February rose 0.4% to \$2,035.80 an ounce. Both instruments were down about 1.7% so far in 2024, but were sitting on an over 10% gain from the past year.

On the other hand, Oil prices edged higher on Thursday on concerns about escalating conflict in the Middle East with more attacks on Gaza and on shipping in the Red Sea, even as a surprise build in U.S. crude stockpiles capped gains. Brent crude futures gained 48 cents, or 0.48%, to \$77.17 a barrel, while U.S. West Texas Intermediate crude futures rose 32 cents, or 0.45%, to \$71.69 a barrel. The benchmarks settled lower on Wednesday after a surprise jump in U.S. crude stockpiles raised worries about demand in the largest oil market.

(Reuters)

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0776	1.1180
GBP/USD	1.2562	1.2966
USD/ZAR	16.6460	20.6515
USD/AED	3.6524	3.6934
USD/JPY	143.46	147.47