



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH JANUARY 2024

DOMESTIC NEWS

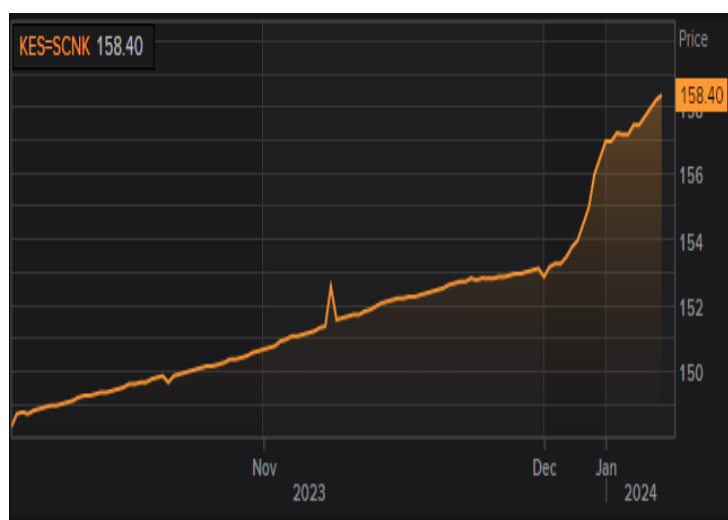
Kenya's shilling eased on Thursday, under pressure due to pent up importer demand for dollars from most sectors of the economy after the holidays. Commercial banks quoted the shilling at 158.75/159.75 per dollar, compared with Wednesday's closing rate of 157.70/158.70. (Reuters)

Companies sustained job cuts into December as a response to reduced sales, a closely watched study suggests, pointing to a bleak festive period for families battling depressed earnings. Kenya's private sector firms reported that orders for goods and services in December fell for the first time in at least a decade, prompting them to cut output and send workers away due to lack of work, according to survey findings based on feedback from about 400 corporate managers. It marked the first time in survey's history, dating back to 2014, in which Christmas and New Year celebrations failed to lift overall demand into growth territory, analysis of Stanbic Bank Kenya's Purchasing Managers Index (PMI) shows. (Reuters)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	154.50	169.50	154.50	169.00
GBP/KES	198.47	211.47	197.67	212.37
EUR/KES	169.09	182.99	169.39	185.89
AED/KES	39.15	52.15	41.15	52.65

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 was down on the day against the euro and the yen on Thursday but off lows reached before data showed that U.S. consumer price inflation came in above economists' expectations in December, raising some doubts that the Federal Reserve will cut rates as soon as traders expect. The headline U.S. Consumer Price Index (CPI) rose 0.3% last month, for an annual gain of 3.4%, against expectations of 0.2% and 3.2%, respectively. The cost of shelter, which includes rents, hotel and motel stays as well as school housing, accounted for more than half of the increase in the CPI. Traders are pricing in aggressive expectations for rate cuts this year, with the Fed seen as beginning to cut rates in March. The dollar index fell to a five-month low in December as traders priced in the likelihood that the U.S. central bank will ease monetary conditions as the U.S. economy weakens and inflation moves back closer to the Fed's 2% annual target. Cleveland Fed President Loretta Mester said on Thursday that the latest CPI figures means that it would likely be too soon for the central bank to cut its policy rate in March.

On the other hand, EURUSD gained 0.09% on the day to \$1.09820. USDJPY dipped 0.20% to 145.48 yen, after earlier reaching 146.10, the highest since Dec. 11. GBPUSD rose 0.17% to \$1.27630 and got as high as \$1.27880, the highest since Dec. 28.

In the commodities markets, Gold prices rose on Friday as an escalation in the Middle East crisis ramped up safe haven demand, which also helped the yellow metal gain despite stronger-than-expected U.S. inflation data. U.S. and British forces launched a series of strikes against the Iran-aligned, Houthi group in Yemen, in response to the group's attacks on ships in the Red Sea. The move also marked a widening in the Israel-Hamas war, which was seen as a key motivator of recent Houthi aggression. Spot gold rose 0.3% to \$2,034.78 an ounce, while gold futures expiring in February shot up nearly 1% to \$2,038.80 an ounce.

On the other hand, Oil prices rose more than 2% on Friday as the United States and Britain carried out strikes against Houthi military targets in Yemen in retaliation for attacks by the Iran-backed group on shipping in the Red Sea starting from late last year. Brent crude futures were up \$1.53, or 2%, at \$78.94 a barrel, while U.S. West Texas Intermediate crude futures were trading \$1.53, or 2.1% higher, at \$73.55.

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0776	1.1180
GBP/USD	1.2575	1.2979
USD/ZAR	16.6042	20.6163
USD/AED	3.6524	3.6934
USD/JPY	143.13	147.13