



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH JANUARY 2024

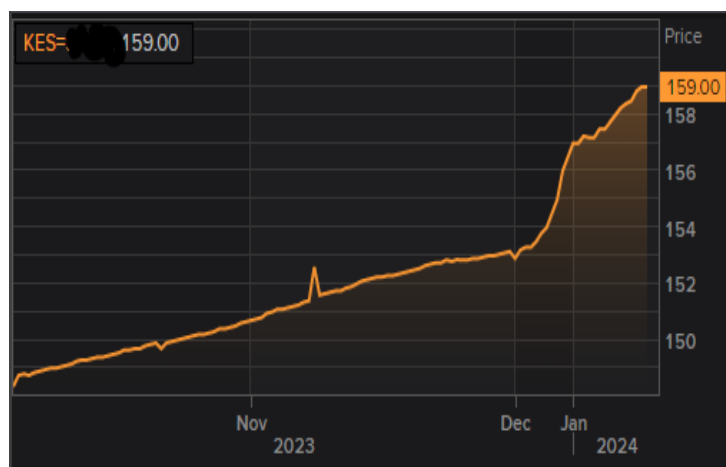
DOMESTIC NEWS

The Kenya Shilling was quoted at an indicative rate of 160.1846 against the US\$ by the CBK when the forex markets opened this week. The Kenya Shilling exchange rate free fall continues on a free fall ahead of the IMF discussions of Kenya beginning this Wednesday, January 17th, 2024. The discussions will see Kenya have immediate access to US\$ 682.3 Million in financial support under the Fund's program. The IMF's additional disbursement of KES 427 billion (about USD 2.7 billion) is anticipated to assist Kenya address the June maturity of Eurobond 2024. This marks the first time the Kenya Shilling Exchange rate against the greenback has gone beyond the 160 mark, exerting more pain on importers, consumers as well as foreign investors at the Nairobi Securities Exchange (NSE) who now earn less while repatriating their gains. In 2023, the local unit depreciated at -27%, a decline last seen 15 years ago in 2008 when Kenya went through its worst post-election violence. (Kenya Wallstreet).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	156.20	171.20	156.20	170.70
GBP/KES	198.06	211.06	197.26	211.96
EUR/KES	169.16	183.06	169.46	185.96
AED/KES	39.62	52.62	41.62	53.12

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 jumped in a volatile session on Tuesday as investors dialed back expectations for a March rate cut from the U.S. Federal Reserve, fueled in part by comments by Board Governor Christopher Waller. The dollar index, which tracks the greenback against a basket of currencies of other major trading partners, was up 0.73% at 103.38, after climbing as high as 103.42, its highest level since Dec. 13. The index was on track for its biggest one-day percentage gain since Jan. 2. The dollar added to gains on the session after Waller said the U.S. is "within striking distance" of the Federal Reserve's 2% inflation goal, but that the central bank should not rush toward cuts in its benchmark interest rate until it is clear that lower inflation will be sustained. (Reuters). The dollar was 1.04% higher against the Japanese yen, at 147.26, after hitting 147.31, matching its highest level since Dec. 7.

On the other hand, the euro was down 0.72% at \$1.0869 and poised for its steepest one-day percentage drop in two weeks as comments from European Central Bank policymaker Joachim Nagel on Monday attempted to curb expectations of early rate cuts. Sterling was last down 0.79% at \$1.262 after data showed British wage growth slowed sharply in the three months through November, supporting the idea that the Bank of England will cut rates heavily this year.

In the commodities markets, gold prices tumbled from the \$2,050 an ounce level on Tuesday after Fed Governor Christopher Waller flagged a cautious approach to rate cuts and said that recent resilience in the U.S. economy will likely delay any potential reductions. The prospect of higher-for-longer U.S. interest rates largely offset recent safe-haven demand for gold, and saw traders pivot away from the yellow metal and into the dollar. Spot gold fell 0.4% to \$2,019.70 an ounce, while gold futures expiring in February fell 0.4% to \$2,022.90 an ounce by 00:20 ET (05:20 GMT). Both instruments tumbled over 1% each on Tuesday.

On the other hand, Oil fell on Wednesday as economic growth in China, the world's second-largest crude user, slightly missed expectations, raising concerns about future demand increases while U.S. dollar strength dented investor's risk appetite. Global benchmark Brent crude futures fell 52 cents, or 0.7%, to \$77.77 a barrel by 0432 GMT. U.S. West Texas Intermediate crude futures (WTI) fell 56 cents, or 0.8%, to \$71.85 a barrel. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0660	1.1164
GBP/USD	1.2405	1.2808
USD/ZAR	17.0268	21.0590
USD/AED	3.6524	3.6934
USD/JPY	145.77	149.81