



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH JANUARY 2024

DOMESTIC NEWS

The Kenyan shilling KES fell to another all-time low on Wednesday as dollar inflows from tea exports and remittances failed to match greater demand from oil importers and manufacturers, traders said. Commercial banks quoted the shilling at 160.75/161.75 per U.S. dollar, compared with Tuesday's close of 159.70/160.70. (Reuters).

Bank lending margins have narrowed further as deposit rates catch up to average lending rates, implying steeper costs by lenders in mobilizing deposits. According to data from the Central Bank of Kenya (CBK), the bank lending margins fell to 5.05 percent in October last year, marking the thinnest spread since the beginning of 2023. The October lending margins compare to a wider spread of 5.44 and 5.34 percent in August and September respectively.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	157.00	172.00	157.00	171.50
GBP/KES	200.14	213.14	199.34	214.04
EUR/KES	170.46	184.36	170.76	187.26
AED/KES	39.83	52.83	41.83	53.33

	Amounts > 10 million		Amounts >100,000
	KES	USD	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 held close to a one-month peak versus major peers on Thursday after robust U.S. retail sales data overnight added to building expectations the Federal Reserve will not rush to lower interest rates. The U.S. dollar index, which measures the currency against a basket of six rivals, traded little changed at 103.36 in the Asian morning, after reaching 103.69 on Wednesday for the first time since Dec. 13. The U.S. dollar steadied at a one-month high amid increasing doubts over early interest rate cuts by the Federal Reserve, while sterling climbed on hot inflation data. At 04:15 ET (09:15 GMT), the Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher at 103.247, just below the 103.55 level seen earlier Wednesday, its highest level since Dec. 13.

On the other hand, GBP/USD rose 0.2% to 1.2657 after U.K. consumer price inflation rose for the first time in 10 months in December, increasing to 4.0% on an annual basis from a more-than-two-year low 3.9% in November. The EUR/USD dropped 0.1% to 1.0868, near a one-month low despite hawkish comments from a few European Central Bank policymakers over the need to complete the job of taming inflation.

In the commodities markets, gold prices rose slightly on Thursday, steadying from a sharp tumble this week as strong U.S. data spurred increasing doubts over early interest rate cuts by the Federal Reserve. The yellow metal wiped out most gains made through December and came close to breaking below the coveted \$2,000 an ounce level as the dollar and Treasury yields rebounded this week. Spot gold rose 0.1% to \$2,008.89 an ounce, while gold futures expiring in February rose 0.2% to \$2,010.40 an ounce.

On the other hand, Oil prices rose on Thursday as OPEC forecast relatively strong growth in global oil demand over the next two years and the market eyed disrupted U.S. oil production amid a cold blast, as well as geopolitical tensions in the Middle East. Brent crude futures gained 21 cents, or 0.3%, to \$78.09 a barrel by 0505 GMT, while U.S. West Texas Intermediate crude futures rose 40 cents, or 0.6%, to \$72.96. OPEC, in a monthly report, said world oil demand is expected to rise by a robust 1.85 million barrels per day (bpd) in 2025 to 106.21 million bpd. For 2024, OPEC saw demand growth of 2.25 million bpd, unchanged from its forecast in December.

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0702	1.1102
GBP/USD	1.2490	1.2898
USD/ZAR	16.9956	21.0196
USD/AED	3.6754	3.6934
USD/JPY	145.77	149.81