DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

# TREASURY MARKET UPDATE 19TH JANUARY 2024

## DOMESTIC NEWS

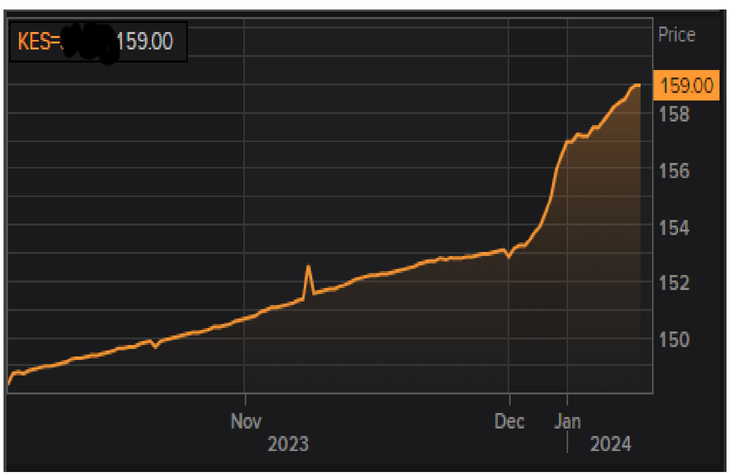
The Kenyan shilling KES= slipped on Thursday as importer demand for dollars continued to outmatch inflows, traders said. Commercial banks quoted the shilling at 161.25/162.25 per dollar, compared with Wednesday's closing rate of 160.50/161.50. (Reuters). Market players were cautious despite Kenya securing the International Monetary Fund board's approval for $941 million in loans on Wednesday, one trader with a commercial bank said. (Reuters).

The Central Bank of Kenya (CBK) has switched roles to become a net buyer of US dollars with the view to building up foreign exchange reserves, the International Monetary Fund (IMF)has disclosed. According to the CBK, foreign exchange reserves stood at $6.829 billion, equivalent to 3.7 months of import cover. The Central Bank has a target of maintaining an import cover of at least four months. Forex reserves give a country the ability to finance imports, pay foreign debt and maintain financial stability.

**Indicative Forex Rates**

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---|---|---|---|---|
| USD/KES | 157.75 | 172.75 | 157.75 | 172.25 |
| GBP/KES | 201.53 | 213.14 | 200.73 | 215.43 |
| EUR/KES | 171.19 | 185.09 | 171.49 | 187.99 |
| AED/KES | 40.04 | 53.04 | 42.04 | 53.54 |

| | 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 U.S. dollar slipped lower during early European trading Thursday but remained near a one-month high after robust U.S. retail sales data spurred more doubts over early rate cuts by the Federal Reserve. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower at 103.107, after reaching 103.69 on Wednesday for the first time since Dec. 13. The dollar received a boost overnight after U.S. retail sales came in stronger than expected, providing support for recent comments from a few Fed officials that the central bank will keep rates higher for longer.

On the other hand, In Europe, GBP/USD rose 0.1% to 1.2685, continuing Wednesday's rally after data showed inflation unexpectedly accelerated in December, reinforcing expectations the Bank of England will be slower to cut rates than its peers. EUR/USD traded largely unchanged at 1.0880, after bouncing from a one-month low on Wednesday following ECB President Christine Lagarde pointing to summer as the most likely time for the central bank's first interest rate cut, later than market expectations for a spring cut. USD/JPY traded 0.2% lower to 147.84, with the yen just above a more than one month low ahead of key consumer price index data due on Friday, which is expected to show a sustained decline in inflation.

In the commodities markets, gold prices steadied on Friday but were nursing steep declines for the week as growing doubts over early interest rate cuts by the Federal Reserve battered the yellow metal. Bullion prices had fallen sharply to a one-month low on Wednesday but found some support around the $2,000 an ounce level amid some safe-haven demand. Spot gold fell 0.1% to $2,020.91 an ounce, while gold futures expiring in February were flat at $2,022.75 an ounce.

On the other hand, Oil prices drifted lower on Friday after rallying the day before, as geopolitical tensions and disruptions in U.S. oil production from a cold blast were countered by concerns over slow demand growth in China and ample supply forecasts. Brent crude futures fell 23 cents, or 0.3%, to $78.87 a barrel by 0420 GMT, and U.S. West Texas Intermediate crude futures (WTI) slid 7 cents to $74.01. Both benchmarks, which gained about 2% on Thursday as the International Energy Agency (IEA) joined producer group OPEC in forecasting strong growth in global oil demand, are on track to end the week around 1-2% higher.

**Indicative Cross Rates**

| | Bid | Offer |
|---|---|---|
| **EUR/USD** | 1.0678 | 1.1182 |
| **GBP/USD** | 1.2498 | 1.2903 |
| **USD/ZAR** | 16.9362 | 20.9482 |
| **USD/AED** | 3.6526 | 3.6934 |
| **USD/JPY** | 146.66 | 150.68 |