



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND JANUARY 2024

DOMESTIC NEWS

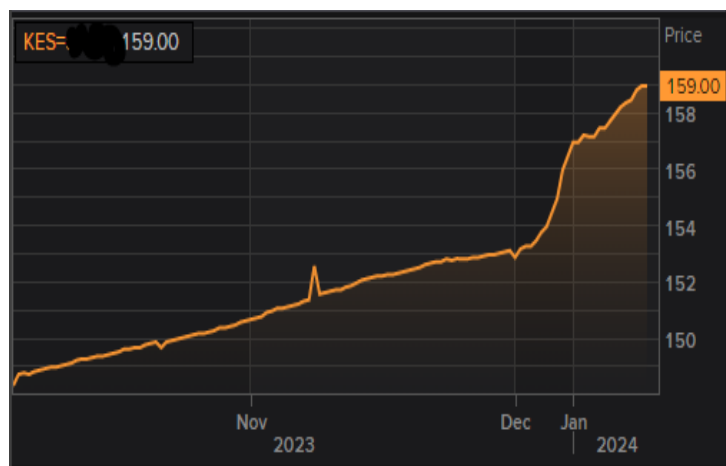
The Kenyan shilling KES= weakened on Friday as the trend of dollar demand from importers outmatching inflows continued, traders said. Commercial banks quoted the shilling at 161.50/162.50 per dollar, compared with Thursday's closing rate of 161.25/162.25. (Reuters).

The Trade and Development Bank (TDB) has lent Kenya \$210 million, Finance Minister Njuguna Ndung'u told Reuters on Friday, ahead of the maturation of a \$2 billion Eurobond in June. Falling hard currency reserves, a steep weakening of the Kenyan shilling and revenue challenges have raised questions about the country's ability to make the Eurobond payment, although the International Monetary Fund (IMF) said on Thursday that it does not expect Kenya to default. The price of Kenya's international dollar bonds rose in response to the news XS1781710543=TE. Most of the country's international bonds now yield below 10%. When yields are above this level, issuing new debt is usually seen as too expensive.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	158.00	173.00	158.00	172.50
GBP/KES	201.98	214.98	201.18	215.88
EUR/KES	171.71	185.61	172.01	188.51
AED/KES	40.11	53.11	42.11	53.61

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 edged lower on Friday, pausing after five straight sessions of gains but still poised for a weekly climb, as recent economic data and comments from Federal Reserve officials dampened expectations of rapid cuts in interest rates. The dollar index, which tracks the greenback against a basket of six currencies, was down 0.08% at 103.26, on pace to snap a five-session win streak but was up 0.8% on the week.

On the other hand, the euro was up 0.16% at \$1.0891 against the dollar but is down about 0.5% for the week. JPMorgan on Friday pulled forward its expectations for the start of interest-rate cuts by the European Central Bank to June from September, but said it remained "cautious" about inflation and wage growth trends. Sterling was last trading at \$1.27, down 0.06% on the day after weakening to \$1.2662 following data which showed UK retail sales slumped by the most in three years in December. The yen was flat versus the greenback at 148.15. The dollar is up more than 2% against the Japanese currency this week and on track for its third straight weekly gain.

In the commodities markets, gold prices saw a marginal increase today, with spot gold trading at \$2,030.87 per ounce. The uptick in the precious metal's value coincided with a slight decrease in the dollar index of 0.1%, which often inversely correlates with gold prices. The modest rise in gold prices follows a period of decline over the past week, which analysts attribute to statements from Federal Reserve officials. These officials have emphasized the importance of additional inflation data before deciding on future interest rate adjustments. The market's anticipation of a rate cut by the Fed in March has since diminished, with the likelihood now standing at 55%.

On the other hand, oil prices fell for a second day on Monday as economic headwinds pressured the global oil demand outlook and outweighed geopolitical concerns in the Middle East and an attack on a Russian fuel export terminal over the weekend. Brent crude LCOc1 fell 41 cents, or 0.5%, to \$78.15 a barrel by 0105 GMT after settling down 54 cents on Friday. The front-month U.S. West Texas Intermediate crude futures CLc1, for February delivery, inched down 2 cents to \$73.39 a barrel with the contract set to expire later Monday. The more active March WTI contract CLc2 was at \$72.95 a barrel, down 30 cents.

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0700	1.1104
GBP/USD	1.2513	1.2917
USD/ZAR	17.0402	21.0607
USD/AED	3.6529	3.6931
USD/JPY	145.86	149.88