



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 23RD JANUARY 2024

### DOMESTIC NEWS

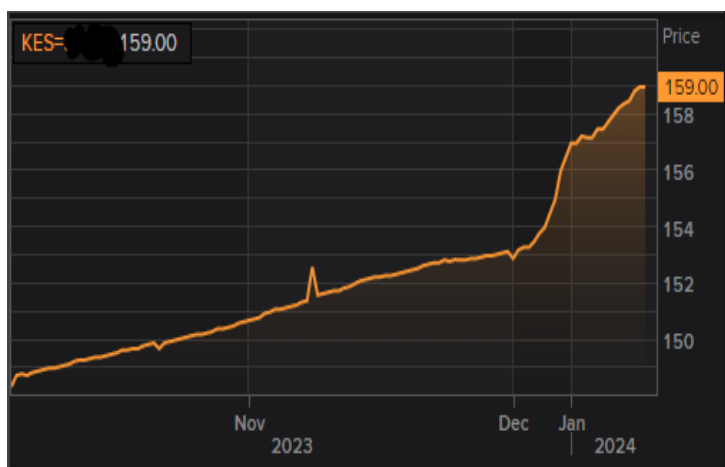
Kenya's shilling KES= weakened on Monday, undermined by increased demand for dollars from the energy and manufacturing sectors, traders said. Commercial banks quoted the shilling at 162.00/163.00 per dollar, compared with Friday's closing rate of 161.50/162.50. Its present level is a record low, LSEG data showed. Those holding dollars and wishing to sell them were also holding off in the hope of getting higher rates, traders said. (Reuters).

Kenya's exports last year upset expectations by falling against what was a more than one fifth depreciation of the Shilling against major world currencies, including the US dollar, Euro, and British Pound. A weaker While the exports had been widely expected to grow, data from the Central Bank of Kenya, through 10 months to October 2023, shows total good exports fell by 2.1 percent to Sh978.7 billion (\$6.104 billion) in the period.

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	157.50	172.50	157.50	172.00
GBP/KES	201.57	214.57	200.77	215.47
EUR/KES	171.10	185.00	171.40	187.90
AED/KES	39.97	52.97	41.97	53.47

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 drifted lower in early European trading Monday, at the start of a week that includes key U.S. growth and inflation data as well as the first major central bank meetings of the new year. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower at 102.984, retreating from recent one-month highs. The dollar saw some weakness in Asian trade but remained close to an over one-month high, as traders priced in expectations of higher-for-longer U.S. interest rates. The dollar index and dollar index futures both fell slightly in Asian trade. But the greenback remained close to over one-month highs, amid growing conviction that the Fed will begin trimming interest rates only later in 2024. The CME Fedwatch tool showed traders now pricing in a greater chance that the central bank will keep rates steady in March, a marked reversal from earlier expectations for a cut. The Fed is also widely expected to keep rates on hold when it meets next week.

On the other hand, EUR/USD traded largely unchanged at 1.0896, as the attention turns to the European Central Bank's policy-setting meeting on Thursday. GBP/USD traded largely unchanged at 1.2700, with sterling remaining supported despite Friday's weak retail sales release. USD/JPY edged lower to 148.12, with traders cautiously awaiting the conclusion of a Bank of Japan meeting overnight, where the central bank is widely expected to maintain negative interest rates and its yield curve control mechanisms.

In the commodities markets, gold prices fell in Asian trade on Monday amid increasing bets that the Federal Reserve will keep interest rates higher for longer, although some safe-haven demand and near-term dollar weakness kept the yellow metal above key levels. But gold remained under pressure from the prospect of higher-for-longer U.S. rates. Spot gold fell 0.3% to \$2,022.91 an ounce, while gold futures expiring in February fell 0.2% to \$2,024.30 an ounce.

On the other hand, Oil prices were little changed on Tuesday as traders weighed a host of conflicting supply and demand worries, with rising tensions in the Middle East and cold weather woes disrupting production in the United States. Brent crude futures fell 2 cents to \$80.04 a barrel by 0353 GMT, while U.S. West Texas Intermediate crude futures (WTI) were last down 1 cent at \$74.75 a barrel.

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0703	1.1105
GBP/USD	1.2533	1.2937
USD/ZAR	17.0902	21.1118
USD/AED	3.6524	3.6934
USD/JPY	145.94	149.94