



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH JANUARY 2024

DOMESTIC NEWS

Kenya's shilling weakened on Wednesday, undermined by increased demand for dollars from most sectors of the economy and low inflows. Commercial banks quoted the shilling at 163.00/164.00 per dollar, compared with Tuesday's closing rate of 162.50/163.50. The shilling is down about 4% so far this year and its current level is a new record low. (Reuters).

The Kenya shilling on Tuesday gained at the fastest pace in three years against the US dollar after it added 0.73 percent value to trade at 160.19 compared to 161.36 on Monday. This marked a surprise shift from a long-running depreciation trend that saw the local currency shed more than 26 percent value against the greenback last year. The shilling last made similar level gains during the Covid-19 pandemic era, on December 23, 2020, when it added 1.46 percentage value against the dollar.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	159.25	171.25	159.25	170.25
GBP/KES	203.47	216.47	202.67	217.37
EUR/KES	172.65	186.55	172.95	189.45
AED/KES	40.44	53.44	42.44	53.94

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 dropped on Wednesday, taking a breather from recent gains, as investors consolidated positions and looked to economic data this week and the Federal Reserve policy meeting next week for more clues about the start of the easing cycle. The currency, however, cut its losses after data showed business activity in the world's largest economy picked up in January and a measure of inflation eased. The dollar index slid 0.2% to 103.26 after climbing to a six-week peak on Tuesday. Since the beginning of the year, the dollar has gained around 1.7% this year as stronger-than-expected data and a pushback from central bankers caused the market to rein in expectations for rapid Fed cuts this year.

On the other hand, In Europe, EUR/USD traded 0.1% higher at 1.0865, with the euro struggling to benefit from the positive risk sentiment after the release of data showing that Germany's economic downturn worsened this month with both manufacturing and services activity contracting. GBP/USD traded 0.2% higher at 1.2712, ahead of the release of U.K. In Asia, USD/JPY fell 0.5% to 147.57, with the yen boosted by Japanese government bond yields rising to six-week highs after central bank chief Kazuo Ueda said on Tuesday that the prospects of achieving the BOJ's inflation target were gradually increasing.

In the commodities markets, gold prices nursed steep losses on Thursday as anticipation of a barrage of U.S. economic and interest rate cues kept traders averse to the yellow metal, while copper sat on strong gains this week following more stimulus measures from China. Gold prices stuck largely to a \$2,000 to \$2,050 an ounce trading range established over the past week, as worsening geopolitical conditions in the Middle East spurred some safe-haven demand. Spot gold rose 0.1% to \$2,015.36 an ounce, while gold futures expiring in February steadied at \$2,015.20 an ounce.

On the other hand, Oil prices rose on Thursday after data showed U.S. crude stockpiles fell more than expected last week, while the Chinese central bank's cut in banks' reserve ratio reinforced hopes of more stimulus measures and economic recovery. Brent crude futures gained 25 cents, 0.3%, to \$80.29 a barrel as at 0430 GMT, while U.S. West Texas Intermediate crude climbed 31 cents, or 0.4%, to \$75.40 a barrel.

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0676	1.1081
GBP/USD	1.2509	1.2913
USD/ZAR	16.9027	18.9407
USD/AED	3.6526	3.6936
USD/JPY	145.78	149.79

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