



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 26TH JANUARY 2024

### DOMESTIC NEWS

Kenya's shilling KES will be pressured by increased demand for dollars from the manufacturing sector. Commercial banks quoted the shilling at 163.00/164.00 per U.S. dollar, compared with last Thursday's closing rate of 161.25/162.25. (Reuters).

Kenya's commercial property market remains in the doldrums, with the value of non-residential buildings approved in the 11 months ended November 2023 by Nairobi County falling below the pre-pandemic levels. The latest data published by the Kenya National Bureau of Statistics (KNBS) shows that the value of non-residential buildings stood at Sh31.5 billion in the review period. This was less than half of the Sh71.5 billion recorded in a similar period in 2019. The value of the approvals fell to Sh44.8 billion in the same period in 2020 and declined further to Sh26.5 billion before rising to Sh32.2 billion in 2021.

### Indicative Forex Rates

|         | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 159.50   | 171.50    | 159.50 | 170.50  |
| GBP/KES | 203.71   | 216.71    | 202.91 | 217.61  |
| EUR/KES | 172.33   | 186.23    | 172.63 | 189.13  |
| AED/KES | 40.52    | 53.52     | 42.52  | 54.02   |

| 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 rose on Thursday after data showed the world's largest economy grew at a faster pace than expected in the fourth quarter, suggesting the Federal Reserve would be in no rush to cut interest rates. The U.S. dollar traded in a tight range in early European trade Thursday, while the euro edged higher ahead of a widely watched European Central Bank policy meeting. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded just lower at 103.017, still not far from the six-week high of 103.82 seen on Tuesday.

On the other hand, in Europe, EUR/USD traded 0.1% higher at 1.0896, ahead of the latest meeting of the European Central Bank.

GBP/USD traded just higher at 1.2728, with sterling traders searching for cues ahead of next week's Bank of England policy-setting meeting. USD/JPY rose 0.1% to 147.65, with the yen slipping slightly after sharp gains earlier this week. These came as Bank of Japan Governor Kazuo Ueda offered more signals on a potential pivot away from negative interest rates - which were a key pain point for the yen over the past two years. USD/CNY traded 0.2% higher to 7.1683, with the yuan slipping slightly after having received some support earlier in the week on hopes of improved Chinese economic prospects after the PBOC reduced banking reserve requirements.

In the commodities markets, gold prices kept to a tight range on Friday and were headed for a second straight week in red as anticipation of more cues on U.S. interest rates kept traders skittish, with key inflation data and a Federal Reserve meeting now in focus. Strength in the dollar- following stronger-than-expected gross domestic product data- also weighed on bullion prices, keeping them firmly within a \$2,000- \$2,050 trading range established over the past week. Spot gold steadied at \$2,021.41 an ounce, while gold futures expiring in February rose 0.2% to \$2,021.10 an ounce by 23:46 ET (04:46 GMT). Both instruments were down about 0.3% this week.

On the other hand, Oil prices eased on Friday after rising to their highest since December in the previous session but were set for their biggest weekly gain since October as positive U.S. economic growth and signs of Chinese stimulus boosted fuel demand sentiment.

Brent crude futures were down 38 cents, or 0.46%, to \$82.05 a barrel by 0445 GMT. U.S. West Texas Intermediate crude fell 50 cents, or 0.65%, to \$76.86.

### Indicative Cross Rates

|         | Bid     | Offer   |
|---------|---------|---------|
| EUR/USD | 1.0641  | 1.1045  |
| GBP/USD | 1.2506  | 1.2907  |
| USD/ZAR | 16.8784 | 20.8484 |
| USD/AED | 3.6524  | 3.6934  |
| USD/JPY | 145.71  | 149.76  |