



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH JANUARY 2024

DOMESTIC NEWS

Kenya's shilling KES, which has lost 23.5% of its value against the dollar over the past year, gained ground on Friday, LSEG data showed. Commercial banks quoted the shilling at 162.50/163.50 per dollar, compared with Thursday's closing rate of 163.00/164.00. The shilling usually strengthens due to dollar inflows from remittances, non-governmental organizations, tourism and agricultural exports. (Reuters).

The Capital Markets Authority (CMA) is developing margin trading regulations as part of interventions to revitalize shares trading on the Nairobi Securities Exchange (NSE). Margin trading is a method of investing in shares using funds borrowed from a lender, mostly a stock brokerage or investment bank. According to the CMA, the NSE has continued to witness a prolonged period of low volatility despite low stock valuations providing the opportunity for investors to purchase stocks at discounted prices, including through margin trading.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	158.00	168.00	158.00	168.00
GBP/KES	203.05	216.05	202.25	216.95
EUR/KES	171.81	185.71	172.11	188.61
AED/KES	40.38	53.38	42.38	53.88

	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 dollar started the week on a steady footing as investors took stock of U.S. economic data ahead of the Federal Reserve policy meeting this week, while escalating geopolitical tensions in the Middle East kept risk sentiment in check. The dollar index, which measures the U.S. currency against six rivals, inched 0.01% higher to 103.55 on Monday, set for a 2% gain in January as traders temper expectations of early and deep U.S. interest rate cuts. The Fed in December surprised markets by taking a dovish tilt and projecting 75 basis points of rate cuts in 2024, resulting in traders pricing in aggressive easing, with a cut expected as early as March.

On the other hand, the euro was down 0.05% at \$1.0847, while Sterling was last at \$1.2703, up 0.04% on the day ahead of the Bank of England meeting later this week. GBP/USD traded 0.1% lower at 1.2693, with the Bank of England set to announce its latest decision on interest rates next week. The Japanese yen strengthened 0.01% to 148.14 per dollar on Monday. The Asian currency is down nearly 5% against the dollar in January, on course for its weakest monthly performance since June 2022. USD/CNY traded 0.2% higher to 7.1809.

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. Both instruments were down about 0.3% this week.

On the other hand, Oil prices climbed on Monday after a drone attack on U.S. forces in Jordan added to worries over supply disruption in the Middle East as Houthi rebels stepped up their attacks on vessels in the Red Sea, hitting a Trafigura-operated fuel tanker. Risks of a widening conflict comes as Russian refined product exports are set to fall, with several refineries under repair following drone attacks. Brent crude futures rose 29 cents, or 0.4%, to \$83.84 a barrel after hitting a session-high of \$84.80. U.S. West Texas Intermediate crude gained 34 cents, or 0.4%, to \$78.35 a barrel after reaching an intraday high of \$79.29 earlier in the session.

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0640	1.1044
GBP/USD	1.2502	1.2903
USD/ZAR	16.8040	20.8191
USD/AED	3.6528	3.6931
USD/JPY	146.07	150.08

For more details, contact our Treasury staff Mary, John & Joseph on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913351/52/54. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.