



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH JANUARY 2024

DOMESTIC NEWS

Kenya's shilling KES firmed slightly on Monday in a thin trading session, traders said. Commercial banks quoted the shilling at 161.00/162.00 per U.S. dollar, stronger than its closing level of 162.00/163.00 on Friday. The currency typically strengthens when there are dollar inflows from remittances, non-governmental organizations, tourism, or agricultural exports. (Reuters).

Nairobi Securities Exchange NSE.NR could see higher trading volumes this year and its indexes, which fell sharply last year, could regain ground as advanced economies start to cut interest rates. The exchange's all-share NASI and benchmark NSE20 indices dropped by 27.74% and 10.44% respectively last year, as the Kenyan shilling weakened by more than 20% and the central bank raised interest rates in response. Foreign investor activity at the Nairobi bourse, which is seen as a gateway for exposure to fast-growing frontier economies in the region, has fallen by 15 percentage points since the start of 2023. (Reuters).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	156.50	166.50	156.50	166.50
GBP/KES	201.22	214.22	200.42	215.12
EUR/KES	169.92	183.82	170.22	186.72
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 dollar gained against the euro on Monday as investors prepared for the prospect that the Federal Reserve could push back against expectations of an imminent rate cut when it concludes its two-day meeting on Wednesday. Traders have cut odds that the U.S. central bank will reduce rates in March to 48%, from 89% a month ago, according to the CME Group's FedWatch Tool, as data reinforces a view that the U.S. economy remains solid. The dollar index, which measures the U.S. currency against six rivals, was last down 0.05% at 103.50. It earlier reached 103.82, matching last week's high, which was the highest since Dec. 13. The index fell in afternoon trading in line with Treasury yields after the U.S.

On the other hand, the euro dipped 0.20% to \$1.08290 and earlier reached \$1.07955, the lowest since Dec. 13. The European Central Bank on Thursday held interest rates at a record-high 4% and reaffirmed its commitment to fighting inflation even as the time to start easing borrowing costs approaches. Sterling was little changed on the day at \$1.27050 ahead of the Bank of England's policy announcement on Thursday. The greenback fell 0.45% to 147.45 yen, but the Japanese currency is on course for a 4.5% decline in January.

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.

On the other hand, Oil prices bounced back in early trade on Tuesday, following a more than 1% drop the previous session, as escalating geopolitical tensions in major producing region the Middle East fueled supply concerns. Brent crude futures rose 17 cents, or 0.21%, to \$82.57 a barrel by 0401 GMT. U.S. West Texas Intermediate crude was up 17 cents, or 0.22%, at \$76.95 a barrel. Both the contracts fell over \$1 on Monday as a deepening real estate crisis fueled worries about demand from China, the world's biggest crude consumer, after a Hong Kong court ordered the liquidation of property giant China Evergrande (HK:3333) Group.

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0622	1.1026
GBP/USD	1.2507	1.2908
USD/ZAR	16.8187	20.8333
USD/AED	3.6524	3.6934
USD/JPY	145.36	149.37

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