



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 31ST JANUARY 2024

DOMESTIC NEWS

Kenya's shilling was steady on Tuesday. The shilling was quoted at 161.00/162.00 per U.S. dollar, the same level it closed on Monday. After hitting repeated record lows in 2023, the shilling is down 2.8% against the dollar this year. (Reuters).

The world's leading banks, consultancies, and think tanks have marginally raised Kenya's growth prospects, citing increased private sector expenditure in an economy where inflationary pressures remain elevated. A consensus forecast from 14 global firms shows the gross domestic product (GDP) — a measure of all economic activities by the government, companies, and individuals — will likely grow at 5.2 percent in 2024. This is a paltry 0.1 percentage point from last month's forecast, signaling slowing inflation pressures. The growth is, nonetheless, projected to largely remain flat from last year's, estimated at 5.1 percent.

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	156.50	166.50	156.50	166.50
GBP/KES	200.77	213.77	199.97	214.67
EUR/KES	169.83	183.73	170.13	186.63
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 Nov 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar traded in a tight range early in the European session Tuesday ahead of the start of the latest two-day Federal Reserve policy meeting, while the euro weakened. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower at 103.340, only marginally removed from the six-week high of 103.82 it touched last week.

On the other hand, In Europe, EUR/USD traded 0.1% lower at 1.0824, after data showed that the German economy contracted in the fourth quarter, raising the potential that woes of the region's largest economy could drag the whole eurozone into recession. GBP/USD traded 0.3% lower at 1.2675 ahead of the Bank of England's policy meeting later this week, with the central bank expected to keep interest rates on hold on Thursday. In Asia, USD/JPY fell 0.1% to 147.36, with the yen gaining slightly after Japan's jobless rate fell to 2.4% in December from the previous month, government data showed on Tuesday, just under the forecast of 2.5%. USD/CNY traded marginally lower at 7.1782, although sentiment towards the yuan remains quite pessimistic ahead of Wednesday's release of official purchasing managers' index data.

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 fell on Wednesday as lackluster economic data in China, the world's biggest crude importer, weighed on demand sentiment, but prices were set for their first monthly gain since September as broadening Middle East conflicts raised supply concerns. Brent crude futures for March, which expires today, fell 27 cents, or 0.3%, to \$82.60 a barrel by 0441 GMT. The more actively traded April contract fell 26 cents to \$82.24. U.S. West Texas Intermediate crude futures declined 23 cents, or 0.3%, to \$77.59 a barrel.

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0618	1.1022
GBP/USD	1.2478	1.2879
USD/ZAR	16.8246	20.8368
USD/AED	3.6529	3.6930
USD/JPY	145.71	149.74