



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 01ST FEBRUARY 2024

DOMESTIC NEWS

Kenya's shilling strengthened against the dollar on Wednesday. The shilling was quoted at 160.50/161.50 per U.S. dollar, compared with Tuesday's closing level of 161.00/162.00. (Reuters).

Inflation rose to 6.9% year on year in January from 6.6% a month before due to faster price increases of food, electricity and transport, the statistics office said. While inflation is still within the government's preferred target range of 2.5% to 7.5%, persisting local currency weakness remains the biggest risk to a sustained slowdown in inflation.

In other local news the State will partly use a mini-budget planned for March to pay contractors amid renewed efforts to settle the more than Sh630 billion worth of pending bills to ease cash-flow woes among businesses. Treasury PS Chris Kiptoo said on Wednesday the committee tasked with verifying the bills will present the first list of claims by mid-March, paving the way for including the dues in the supplementary budget. (Reuters)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	155.50	165.50	155.50	165.50
GBP/KES	199.45	212.45	198.65	213.35
EUR/KES	168.52	182.42	168.82	185.32
AED/KES	39.70	52.70	41.70	53.20

	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 dollar gained on the euro and pared losses against the yen on Wednesday after Federal Reserve Chair Jerome Powell said that a rate cut in March was not the U.S. central bank's "base case." It came after the Fed offered a neutral and less dovish outlook on rates than many investors had expected. The Fed gave an "extremely neutral, non-committal statement", said Karl Schamotta, chief market strategist at Corpay in Toronto. The U.S. central bank left interest rates unchanged and dropped a longstanding reference to possible further hikes in borrowing costs. But it gave no hint that a rate cut was imminent. Fed Chair Jerome Powell said in a press conference that the Fed would need to see more favorable data to be sure it was time to lower rates.

On the other hand, In Europe, In Europe, EUR/USD traded 0.1% lower at 1.0829, after regional German and French consumer prices data pointed to falling inflation, increasing the possibility of the European Central Bank cutting interest rates earlier than expected. GBP/USD traded 0.1% lower at 1.2683 ahead of the Bank of England's policy meeting on Thursday. In Asia, USD/JPY fell 0.1% to 147.43, with the yen gaining slightly but set to drop almost 5% this month, heading for its largest monthly drop since June 2022 as the Bank of Japan maintained its ultra-easy monetary policy. USD/CNY edged higher to 7.1759, with the yuan set to drop around 1% for the month, with China's manufacturing activity in January contracting for a fourth straight month.

In the commodities markets, Gold prices rose on Thursday and were undeterred by the Federal Reserve stating that it will likely keep interest rates higher for longer, while safe-haven buying amid an ongoing conflict in the Middle East also aided the yellow metal. The Fed's comments spurred a sharp reversal in risk-driven markets, particularly stocks, on Wednesday. This in turn fueled increased safe-haven demand for gold. Spot gold rose 0.3% to \$2,045.21 an ounce, while gold futures expiring in March fell 0.2% to \$2,062.40 an ounce. The disparity highlighted more near-term demand for physical gold.

On the other hand, Oil prices climbed on Thursday, supported by signals from the U.S. Federal Reserve on a possible start to rate cuts and as China unveiled new support measures for its embattled property market. Brent crude futures rose 43 cents, or 0.5%, to \$80.98 a barrel and U.S. West Texas Intermediate crude futures gained 44 cents, or 0.6%, to \$76.29 at 0405 GMT, after falling by more than \$2 a barrel in the previous session.

(Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0601	1.1005
GBP/USD	1.2474	1.2875
USD/ZAR	16.6936	20.6986
USD/AED	3.6526	3.6936
USD/JPY	144.84	148.87