



DIB Bank Kenya

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TREASURY MARKET UPDATE 02ND FEBRUARY 2024

DOMESTIC NEWS

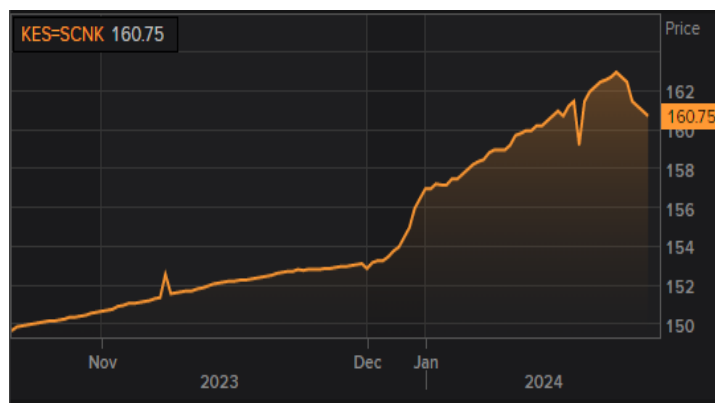
Kenya's shilling was stable on Thursday, supported by foreign loans and comments by the president that the country would not default on a Eurobond maturing in June. Commercial banks quoted the shilling at 160.00/161.00 per U.S. dollar, the same level it closed on Wednesday. (Reuters).

Kenya risks missing its economic growth targets over the next 5 years as it grapples with high debt distress and a deteriorating macroeconomic operating environment. According to the Institute of Public Finance (IPF) in its latest Macro Fiscal Analytical Snapshot Report, the country finds itself in a tight spot following years of successive borrowing, coupled with the inability of the private sector to create sufficient jobs for millions of young people entering the job market annually. Kenya's external debt service as a proportion of exports is significantly above the level that the IMF considers sustainable for a country such as Kenya. Speaking during the official launch of the report, the Institute of Public Finance (IPF) CEO James Muraguri noted that for the country to maintain robust economic growth, it must put in place the necessary fiscal levers to promote faster private-sector-driven growth. (Reuters)

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	155.50	165.50	155.50	165.50
GBP/KES	200.62	213.62	199.82	214.52
EUR/KES	169.68	183.58	169.98	186.48
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 U.S. dollar rose in early European trade Thursday, climbing near to a seven-week high, after the Federal Reserve kept interest rates steady and played down expectations for a March rate cut. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.5% higher at 103.575, close to the highest level since mid-December. The Federal Reserve kept interest rates unchanged at elevated levels at the conclusion of its latest policy-setting meeting on Wednesday. That was widely expected, but the dollar received a boost after Fed Chair Jerome Powell said that recent stickiness in inflation will keep the central bank from carrying out any monetary loosening in the near-term. There's more labor market data to study later in the session, in the shape of weekly initial jobless claims, ahead of Friday's key monthly payrolls report.

On the other hand, EUR/USD traded 0.2% lower at 1.0791, ahead of the release of the latest eurozone inflation data, which could provide the European Central Bank policymakers with a push towards cutting interest rates. GBP/USD traded 0.3% lower at 1.2647 ahead of the Bank of England's policy meeting later in the session. USD/JPY fell 0.1% to 146.75, with the yen gaining slightly after minutes from the Bank of Japan's January meeting showed policymakers actively discussing a move away from its ultra-dovish stance. USD/CNY edged 0.2% higher to 7.1830, with the yuan remaining under pressure as data continued to suggest a sluggish economic recovery.

In the commodities markets, Oil prices rose in early trade on Friday following a decision by OPEC+ to keep its oil output policy unchanged, though benchmarks were headed for weekly losses amid unsubstantiated reports of a ceasefire between Israel and Hamas. Brent crude futures climbed 37 cents, or 0.5%, to \$79.07 a barrel at 0415 GMT, while U.S. West Texas Intermediate crude futures gained 30 cents, or 0.4%, to \$74.12 a barrel.

On the other hand, 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. 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. A recent rally in the red metal was driven chiefly by increased optimism over China, as the world's largest copper importer rolled out more stimulus measures to support an economic recovery. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0678	1.1082
GBP/USD	1.2547	1.2950
USD/ZAR	16.5620	20.5821
USD/AED	3.6526	3.6936
USD/JPY	144.46	148.49

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