



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 06TH FEBRUARY 2024

DOMESTIC NEWS

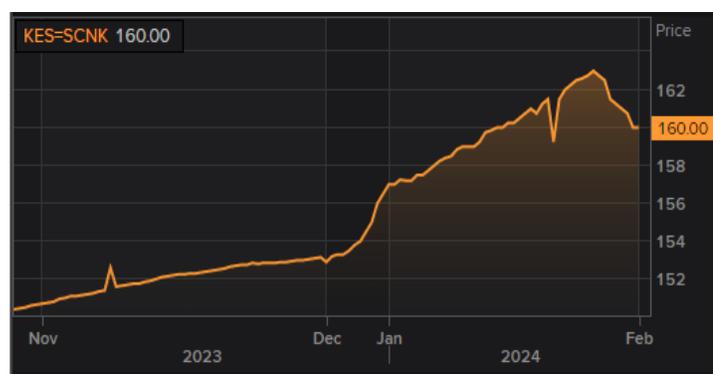
The Kenya's shilling KES was steady in slow trade on Monday, LSEG data showed. The commercial banks quoted the shilling at 160.00/161.00 per dollar, the same as Friday's closing rate. (Reuters).

Kenyan corporates and rich investors raised the dollar share of their deposits in banks to 70 percent as of September 2023, amid a biting shortage that has disrupted purchases of critical raw materials from the global market. New Central Bank of Kenya (CBK) data shows that the sum of foreign currency deposits held by firms hit Ksh973 billion (\$6 billion) at the end of the third quarter of 2023, compared with Ksh418 billion (\$2.6 billion) in hard currency deposits by households. The deposits by firms are representative of 70 percent of all forex deposits which stood at Ksh1.39 trillion (\$8.6 billion) at the end of the same period. The share of foreign currency deposits by firms has been on a steady climb having grown from 56 percent in the second and third quarters of 2019. Kenya bank dollar deposits increase by \$415m to \$8.4bn. The rise in foreign currency deposits by both firms and households has coincided with the weakening of the Kenya shilling over the past year, with the local unit having shed more than 25 percent of its value against the dollar last year. (Reuters).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	155.50	165.50	155.50	165.50
GBP/KES	197.47	210.47	196.67	211.37
EUR/KES	167.64	181.54	167.94	184.44
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

Most Asian currencies rose slightly on Tuesday, recovering marginally after growing expectations of higher-for-longer U.S. interest rates pushed up the dollar and weighed heavily on regional markets. Regional currencies saw some relief as the U.S. dollar steadied after racing to near three-month highs this week. The dollar was buoyed chiefly by a string of hotter-than-expected U.S. economic readings, as well as comments from Federal Reserve Chair Jerome Powell, who said that rates will remain steady in the time being. The dollar climbed to its highest point in almost three months against nine other major currencies on Monday as traders slashed bets the Federal Reserve would aggressively cut interest rates this year after new economic data further diminished those odds. The dollar index, which tracks the greenback against six other major currencies, jumped to 104.60, its highest since Nov. 14, and was last up 0.36% at 104.40.

On the other hand, the euro fell to its lowest since Nov. 14 at \$1.0721 and was last down 0.43% at \$1.0744. Japan's yen fell to its lowest since Nov. 27 at 148.89 per dollar and was last at 148.68. Sterling was down 0.75% to \$1.2537, its lowest since Dec. 13, as the dollar rallied. The pound showed little reaction to revised data that indicated Britain's unemployment rate was lower than expected at the end of the year.

In the commodities markets, Oil prices were little moved in early trading on Tuesday, as market participants assessed a visit to the Middle East by U.S. Secretary of State Antony Blinken to discuss a ceasefire offer in the region. the four-month-old war. Brent crude futures were down 2 cents at \$77.97 a barrel, while U.S. West Texas Intermediate crude futures edged down 3 cents to \$72.75. Both contracts gained nearly 1% on Monday, rising for the first time in four sessions.

On the other hand, gold prices fell in Asian trade on Monday, extending losses from the prior week as a mix of strong labor market data and hawkish Federal Reserve signals saw markets dial back expectations for early interest rate cuts. The yellow metal fell sharply from highs above \$2,050 an ounce, as the prospect of higher-for-longer interest rates heralded more near-term pressure. The dollar shot up to a near two-month high on Monday, while Treasury yields also advanced in Asian trade. In contrast, spot gold fell 0.4% to \$2,031.60 an ounce, while gold futures expiring in April fell 0.3% to \$2,047.75 an ounce. (Reuters).

Indicative Cross Rates

	Bid	Offer
	EUR/USD	1.0548
GBP/USD	1.2353	1.2756
USD/ZAR	17.0118	21.0257
USD/AED	3.6525	3.6936
USD/JPY	146.47	150.49