



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 07<sup>TH</sup> FEBRUARY 2024

### DOMESTIC NEWS

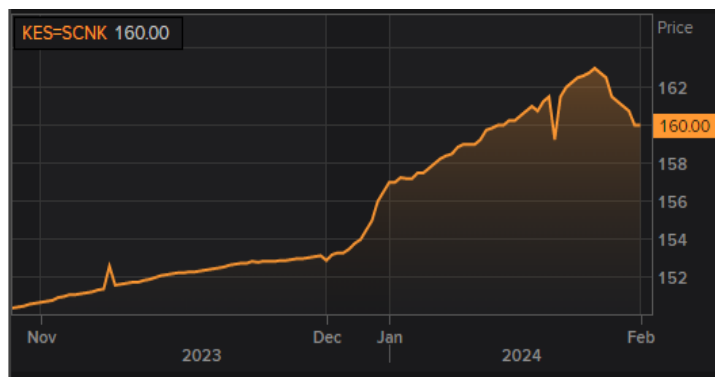
Kenya's shilling KES was stable on Tuesday, with dollar inflows from remittances and horticulture exports meeting demand from general goods importers, traders said. The commercial banks quoted the shilling at 160.00/161.00 per dollar, the same as Monday's closing rate. (Reuters).

Kenya's central bank raised its main lending rate KECBIR=ECI for the second meeting in a row on Tuesday, citing sticky inflation and lingering pressure on the local currency. The bank raised the rate to 13.0% on from 12.5%, its monetary policy committee (MPC) said in a statement, after a larger 2-percentage-point hike at the December MPC meeting. Kenya has been on the radar of foreign investors because of its strained public finances and a steep fall in the shilling in the leadup to the maturity of a \$2 billion Eurobond in June. Inflation KECPI=ECI picked up to 6.9% year-on-year in January, towards the upper end of authorities' preferred medium-term range of 2.5% and 7.5%. Kenya's shilling fell more than 20% against the dollar last year, hitting repeated all-time lows along the way. It is down a further 2% so far this year but has shown signs of stabilizing in recent trading sessions. The central bank said its foreign exchange reserves, at \$7.1 billion, or 3.8 months of import cover, provided an adequate shield against short-term shocks. (Reuters).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	155.50	165.50	155.50	165.50
GBP/KES	198.30	211.30	197.50	212.20
EUR/KES	167.83	181.73	168.13	184.63
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 slid against major currencies on Tuesday, a day after it rose to its highest level in almost three months, as strong economic data and a hawkish stance on interest rates by Federal Reserve officials bolster the U.S. currency. The dollar index, which measures the U.S. currency against six others, fell 0.24% to 104.19, after touching 104.60 on Monday, its highest since Nov. 14. Most Asian currencies kept to a tight range on Wednesday, steadying after recent losses as the dollar retreated from recent three-month peaks, although the prospect of higher-for-longer U.S. rates kept traders on edge.

On the other hand, the euro was up 0.09% at \$1.0751. German industrial orders unexpectedly jumped in December, while euro zone consumers have trimmed their expectations for inflation over the next 12 months. Sterling rose 0.50% at \$1.2593, up from a seven-week low on Monday. The pound's fall on Monday came despite some upbeat economic data. Figures showed that UK unemployment was likely much lower late last year than previously thought, which could push out British rate cuts too. The Japanese yen was stronger on the day, up 0.20% at 148.67 per dollar, a bit off from a two-month low of 148.90.

In the commodities markets, Oil prices rose slightly in Asian trade on Wednesday as investors sought more cues on U.S. production and inventories from official data due later in the day, while focus remained on ongoing negotiations over a ceasefire in the Israel-Hamas war. A softer dollar also afforded some relief to oil prices, as the greenback retreated after racing to near three-month highs earlier in the week. Strength in the dollar was driven chiefly by expectations of higher-for-longer U.S. interest rates and had pressured crude prices in recent sessions. Brent oil futures expiring in April rose 0.3% to \$78.85 a barrel, while West Texas Intermediate crude futures rose 0.4% to \$73.63 a barrel.

On the other hand, gold prices moved little on Wednesday but saw some relief as the dollar eased from three-month highs, although waning bets on early U.S. interest rate cuts kept the outlook for the yellow metal uncertain. A higher outlook for U.S. interest rates bodes poorly for gold, given that high rates increase the opportunity cost of investing in bullion. This trade had limited any major upside in gold over the past two years. Spot gold steadied at \$2,035.12 an ounce, while gold futures expiring in April were flat at \$2,050.95 an ounce. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0562	1.0966
GBP/USD	1.2402	1.2807
USD/ZAR	16.8304	20.8562
USD/AED	3.6524	3.6934
USD/JPY	145.91	149.94