



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 09TH FEBRUARY 2024

DOMESTIC NEWS

The Kenyan shilling gained ground on Thursday, helped by foreign investor inflows into an infrastructure bond and comments from the central bank that the currency had overshot its equilibrium rate. Commercial banks quoted the shilling at 159.50/160.50 per dollar, compared with its previous close of 160.00/161.00. (Reuters).

Kenya will on Monday tap the international bond market for the first time since 2021 to raise cash to finance a buyback of the 10-year \$2 billion (Sh321 billion) Eurobond, a move that has calmed investor jitters over whether the country would afford to repay the debt when it matures in June. The surprise issuance marks a departure from earlier expectations that the National Treasury would finance the planned buyback using the country's forex reserves or proceeds from loans from multilateral lenders. The Treasury on Wednesday opened the tender offer for bondholders wishing to participate in the buyback, which has been priced at the bond's par or face value. It further said the buyback would be financed by the proceeds of the new Eurobond offer whose amount was not specified. (Reuters).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	155.50	165.50	155.50	165.50
GBP/KES	198.51	211.51	197.71	212.41
EUR/KES	167.99	181.89	168.29	184.79
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 rose on Thursday after data on unemployment benefits again pointed to a resilient U.S. labor market, reinforcing the Federal Reserve's message that interest rates are unlikely to be cut in the near term. The number of Americans filing new claims for unemployment benefits fell more than expected last week the latest sign of labor market strength despite a recent spike in layoffs. Initial claims for state unemployment benefits dropped 9,000 to a seasonally adjusted 218,000 for the week ended Feb. 3, the Labor Department said, less than the 220,000 forecasts by economists polled by Reuters. The initial claims data still points to a robust U.S. labor market that has kept the dollar strong, said Thierry Wizman, global FX and interest rates strategist at Macquarie in New York. The dollar index was last up 0.14% at 104.16, after hitting 104.43 following the initial claims report. The euro rebounded from a low of 1.074, gaining 0.02% to \$1.0773. CPI fell 0.8% from a year earlier but rose 0.3% month-on-month. Economists polled by Reuters had forecast a 0.5% fall year-on-year and a 0.4% gain month-on-month.

On the other hand, GBPUSD was down 0.11% at \$1.2613. USDJPY was down about 0.82% versus the greenback at 149.380. It slipped to 149.46 after the initial claims data, its weakest level since Nov. 27. USDINR has gained 0.3% so far this year, the only currency in the region in the positive territory. EUR/USD trades on a weaker note, around 1.0775, during the early Asian session on Friday. The major pair remains capped within the weekly range in the 1.0770/80 band.

In the commodities markets, Oil prices were little changed on Friday, staying on track for weekly gains, with tensions persisting in the Middle East after Israel rejected a ceasefire offer from Hamas. Brent crude futures slipped 1 cent to \$81.62 a barrel, while U.S. West Texas Intermediate crude futures rose 3 cents to \$76.25 a barrel. Both benchmarks rose about 3% in the previous session as Israeli forces bombed the southern border city of Rafah on Thursday after Prime Minister Benjamin Netanyahu rejected a proposal to end the war in the Palestinian enclave.

On the other hand, gold prices drifted slightly lower on Thursday, taking little support from a decline in the dollar and yields as markets remained on edge over the prospect of higher-for-longer U.S. interest rates. Spot gold fell 0.1% to \$2,032.61 an ounce, while gold futures expiring in April fell 0.2% to \$2,047.55 an ounce. Copper futures expiring in March rose 0.4% to \$3.7523 a pound but were just above their lowest levels since mid-January. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0569	1.0972
GBP/USD	1.2412	1.2816
USD/ZAR	16.9638	20.9730
USD/AED	3.6526	3.6936
USD/JPY	147.41	151.43