



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH FEBRUARY 2024

DOMESTIC NEWS

Kenya's shilling gained against the dollar on Friday, helped by inflows from foreign investors interested in buying a government infrastructure bond and slowing importer demand for hard currency. Commercial banks quoted the shilling at 159.00/160.00 per dollar, compared with Thursday's closing rate of 160.00/161.00. (Reuters).

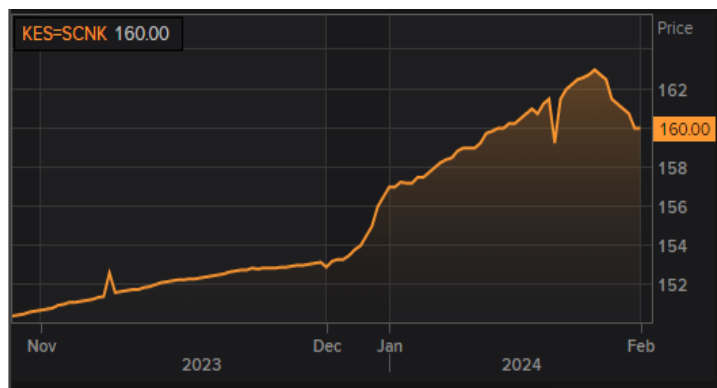
The Kenyan shilling is ending its long dismal run after turning the tables against its regional peers last week on the back of marginal gains against major world currencies, raising hopes that the turmoil in the foreign exchange market is ebbing. An analysis of the Central Bank of Kenya (CBK) data shows that the local unit, which closed 2023 on the worst run in 30 years, has gained against the Ugandan shilling for the last 10 consecutive days and for three straight days against the Tanzanian shilling.

On other local news Kenyans will start paying 2.75 percent of their pay to the Social Health Insurance Fund (SHIF) from March 1, 2024, in what will see contributions for top earners rise by more than eight times, as the government moves to implement the controversial universal health coverage. (Reuters).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	154.50	164.50	154.50	164.50
GBP/KES	197.43	210.43	196.63	211.33
EUR/KES	167.22	181.12	167.52	184.02
AED/KES	39.43	52.43	41.43	52.93

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	1.0591	1.0994
GBP/USD	1.2429	1.2832
USD/ZAR	17.0412	21.0453
USD/AED	3.6524	3.6934
USD/JPY	147.18	151.21

For more details, contact our Treasury staff Mary, John & Joseph on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913351/52/54. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.