



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 13TH FEBRUARY 2024

DOMESTIC NEWS

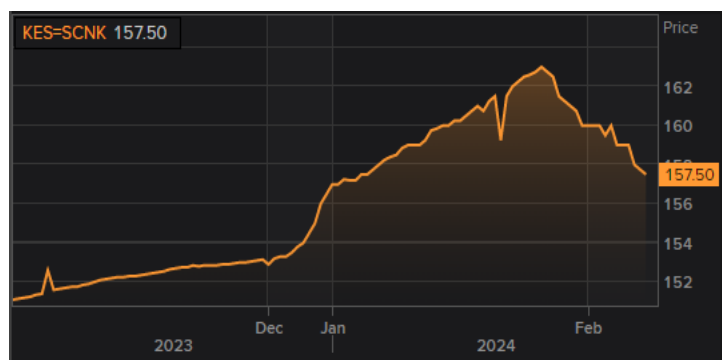
Kenya's shilling strengthened on Monday, boosted by dollar inflows from non-governmental organizations and commodity exporters and subdued importer demand. Commercial banks quoted the shilling at 158.00/159.00 per dollar, compared with Friday's closing rate of 159.00/160.00. (Reuters).

The Central Bank of Kenya (CBK) expects Sh733.9 billion (\$4.6 billion) in foreign flows into the economy this year. The projected inflows, if realised, would be the highest since 2021 and mark a rebound from nearly two years of a slump due to foreign investor flight. The apex bank estimates that its financial account closed at Sh558.4 billion (\$3.5 billion) in 2023, including Sh72.9 billion (\$457 million) in foreign direct investments. The CBK has attributed the projected rise in financial inflows to the return of foreign investor flows in the economy and enhanced disbursements from Kenya's multilateral lenders and development partners. Kenya has seen a windfall from external borrowings in the opening months of 2024, including Sh109.6 billion (\$684.7 million) from the International Monetary Fund (IMF) in January. The Exchequer has received a Sh61.6 billion (\$385 million) loan from the Trade and Development Bank, which was also approved last month. (Reuters).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	153.00	163.00	153.00	163.00
GBP/KES	195.37	208.37	194.57	209.27
EUR/KES	165.23	179.13	165.53	182.03
AED/KES	39.02	52.02	41.02	52.52

	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 weakened on Tuesday, while the dollar firmed as markets hunkered down before key U.S. inflation data that is widely expected to factor into the path of interest rates. The inflation data comes after a chorus of Federal Reserve officials warned that the central bank was in no hurry to begin trimming interest rates in 2024- a trend that bodes well for the dollar and poorly for risk-heavy, high-yield currencies. The dollar index and dollar index futures rose 0.1% each in Asian trade, and remained within sight of a recent three-month high as traders looked to later interest rate cuts this year. CPI data is expected to show inflation eased in January, but remained well above the Fed's 2% annual target- which gives the bank little impetus to begin cutting interest rates early. The dollar had shot up in late-January as traders began sharply scaling back bets that the Fed will begin cutting interest rates in March and May. The CME Fedwatch tool showed markets pricing in an only 45.4% chance for a 25 basis point cut in June.

On the other hand, EUR/USD remains down over 3% from December's peak bids near 1.1150. GBP/USD pair consolidates in a narrow trading band above the 1.2600 mark on Tuesday. USDJPY was among the worst-performing regional units in recent sessions, losing 0.1% on Tuesday and trading at 149.53- a near three-month low and just a hair away from breaking above the 150 level, which heralds more losses in the yen. USDINR tread water after data on Monday showed Indian consumer price index (CPI) inflation eased as expected in January, but remained well above the Reserve Bank of India's 4% annual target.

In the commodities markets, Oil prices rose slightly on Tuesday on fears Middle East tensions could disrupt supply, but uncertainty about the pace of potential U.S. interest rate cuts and the ensuing impact on fuel demand capped gains. Brent futures edged up 7 cents or 0.1% higher to \$82.07 a barrel. U.S. West Texas Intermediate (WTI) crude rose 10 cents or 0.1% to \$77.02 a barrel. U.S. inflation data is expected on Tuesday, while British inflation and euro zone Gross Domestic Product data should land on Wednesday.

On the other hand, Gold prices moved little in holiday-thinned Asian trade on Monday, with the yellow metal keeping to a trading range established over the past week as traders sought more cues from upcoming U.S. inflation data. Spot gold fell 0.1% to \$2,023.48 an ounce, while gold futures expiring in April fell 0.1% to \$2,037.20 an ounce. Copper futures expiring in March fell 0.4% to \$3.6727 a pound- their weakest level since mid-November. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0565	1.0969
GBP/USD	1.2412	1.2820
USD/ZAR	16.9119	20.9276
USD/AED	3.6524	3.6934
USD/JPY	147.53	151.55