



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 14TH FEBRUARY 2024

DOMESTIC NEWS

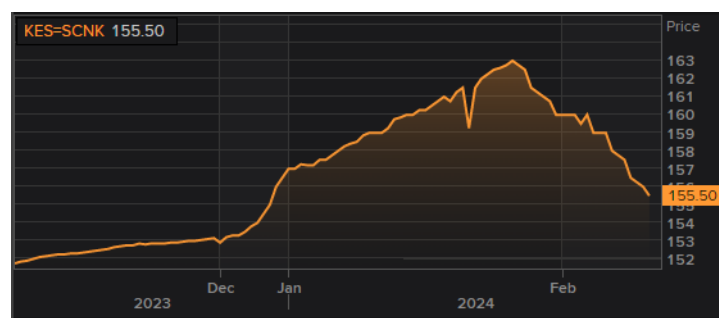
The Kenyan shilling has reversed a downward trend against major world currencies that had persisted for the last year, touching a new high against the U.S. dollar on Tuesday. The shilling bid at 155.50 to the dollar in Tuesday afternoon trade in Nairobi, a level at which it was last bid on Dec. 28. The shilling has benefited from dollar inflows linked to the government's sale of an infrastructure bond and subdued importer demand in recent sessions. Confidence has also been boosted by the prospects of Kenya successfully managing a \$2 billion international bond repayment due in June. (Reuters).

Fuel consumption in the six months to December last year dropped to the lowest level in at least five years, highlighting the impact of record-high pump prices amid the doubling of Value Added Tax (VAT). Data from the Energy and Petroleum Regulatory Authority (Epra) shows that consumption of diesel, super petrol and kerosene fell five percent to 2.28 billion litres in the period compared to 2.4 billion litres used in the second half of 2022. This is the lowest recorded in Kenya at least since 2019 and came at a time when prices breached the Sh200-a-litre mark in some towns after VAT on petroleum products was doubled to 16 percent effective July 1, 2023. Pump prices jumped by up to Sh13 a litre when Epra adjusted prices to reflect the new VAT rate of 16 percent. (Reuters).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	151.00	161.00	151.00	161.00
GBP/KES	192.54	205.54	191.74	206.44
EUR/KES	162.22	176.12	162.52	179.02
AED/KES	38.47	51.47	40.47	51.97

	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 to three-month peaks on Tuesday, after data showed U.S. inflation rose more than expected in January, reinforcing expectations that the Federal Reserve will hold interest rates steady in March. Tuesday's data showed that the Consumer Price Index (CPI) rose 0.3% on a monthly basis in January, above the 0.2% increase expected by economists polled by Reuters. On a year-on-year basis, it gained 3.1% versus the 2.9% estimated growth. Excluding the volatile food and energy components, the CPI increased 0.4% last month after rising 0.3% in December. The core CPI advanced 3.9% year-on-year in January, matching December's increase. The dollar index turned positive after the inflation data, touching a three-month high of 104.95. It was last up 0.7% at 104.89, on pace for its best one-day gain since Feb. 2. Next up on the economic calendar is the U.S. retail sales report on Thursday. Economists expect a 0.1% decline for January, from a 0.6% rise in December, a Reuters poll showed.

On the other hand, GBPUSD was last trading at \$1.2628, little changed on the day. EURUSD slipped 0.1% against the dollar to \$1.0771. USDJPY was among the worst-performing regional units in recent sessions, losing 0.1% on Tuesday and trading at 149.53. 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, Gold prices fell below a key support level in Asian trade on Wednesday after a hotter-than-expected inflation reading for January spurred more fears that the Federal Reserve will keep rates higher for longer. Spot gold fell slightly to \$1,992.64 an ounce, while gold futures expiring in April fell 0.1% to \$2,005.05 an ounce. Both instruments lost over 1% each on Tuesday. Spot gold was also below \$2,000 an ounce for the first time since mid-December.

On the other hand, Oil prices slipped in Asian trade on Wednesday after a U.S. industry group reported crude stocks rose more than expected last week and as investors reined in expectations for interest rate cuts by the U.S. Federal Reserve. Brent futures fell 11 cents, or 0.13%, to \$82.66 a barrel at 0403 GMT. U.S. West Texas Intermediate (WTI) crude futures fell 3 cents to \$77.84 a barrel. Heavily depleted by supply disruptions wrought by sanctions on Russia in the middle of 2022, as well as protracted OPEC+ output cuts, global oil inventories have barely recovered with traders unable to justify the costs for storing oil. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0509	1.0912
GBP/USD	1.2374	1.2778
USD/ZAR	17.0964	21.1017
USD/AED	3.6524	3.6934
USD/JPY	148.40	152.41