



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 15<sup>TH</sup> FEBRUARY 2024

### DOMESTIC NEWS

The Kenyan shilling extended gains on Wednesday, hitting its strongest in more than three months as confidence the government would pay off a Eurobond maturing in June buoyed investor appetite. The shilling strengthened over 3% against the U.S. dollar to reach 150.00/151.00, a level it last traded at on Oct. 26, compared with Tuesday's close of 155.50/156.50 to the dollar. (Reuters).

The Energy and Petroleum Regulatory Authority has reduced the price of petrol, diesel and kerosene prices by Sh1. EPRA said the new prices are inclusive of the 16 per cent Value Added Tax (VAT) in line with the provisions of the Finance Act 2023, the Tax Laws (Amendment) Act 2020 and the revised rates for excise duty adjusted for inflation as per Legal Notice No. 194 of 2020. EPRA said the average landed cost of imported Super Petrol decreased by 1.71 per cent from US\$677.78 per cubic metre in December 2023 to US\$666.16 per cubic metre in January 2024. Diesel decreased by 3.08 per cent from US\$751.15 per cubic metre to US\$728.03 per cubic metre while Kerosene decreased by 1.17 per cent from US\$727.00 per cubic metre to US\$718.51 per cubic metre. In Nairobi, the price of petrol will retail at Sh206.36, diesel will retail at Sh195.47 and Kerosene at Sh193.23. According to EPRA, the price of Diesel has been cross subsidized with that of Super Petrol while Kerosene has been fully stabilized. (Reuters).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	145.00	155.50	145.00	155.50
GBP/KES	185.16	198.16	184.36	199.06
EUR/KES	156.60	170.50	156.90	173.40
AED/KES	36.98	49.98	38.98	50.48

	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 from a fresh three-month high against a major currency basket on Wednesday, as investors consolidated gains following the previous session's hotter-than-expected U.S. inflation report. The inflation data for January pushed back bets on a first Federal Reserve rate cut to the middle of the year. The dollar index, which measures the U.S. currency's value against six other major currencies, slipped 0.1% to 104.72, having touched a fresh three-month high of 104.97. "The stronger dollar is now the path of least resistance. We don't think it's time yet to fade those moves," said Vassili Serebriakov, FX strategist, at UBS in New York. Since Tuesday's data showed that the U.S. consumer price index (CPI) gained 3.1% in January on a year-on-year basis, compared with an expected 2.9% rise, fed funds futures have priced in no rate cut in March and a nearly 80% chance of easing at the June meeting, according LSEG's rate probability app. Two weeks ago, markets had expected the first rate cut to happen in May.

On the other hand, GBPUSD was down 0.2% against the dollar at \$1.2563, after briefly touching a more than one-week low, as data showed UK inflation did not accelerate in January as expected. UK inflation stood at an annual rate of 4.0% in January, unchanged from December, but lower than the economists' forecast for a 4.2% rise. EURUSD gained 0.2% against the dollar to \$1.0720 amid a slew of euro zone economic data. It earlier touched a fresh three-month low of \$1.0695. USDJPY eased 0.2% to 150.52 yen, not too far from a three-month peak hit against the Japanese currency on Tuesday.

In the commodities markets, Gold prices moved little in Asian trade on Thursday, remaining below key support levels as the prospect of higher for longer U.S. interest rates continued to diminish the yellow metal's appeal. Spot gold was flat at \$1,992.27 an ounce, while gold futures expiring in April fell slightly to \$2,003.70 an ounce. Both instruments remained pinned at two-month lows and were close to testing support levels around \$1,970 and \$1,980 an ounce.

On the other hand, Oil prices fell on Thursday after a larger-than-expected jump in U.S. crude inventories, raising concerns about demand in the world's largest economy and top oil consuming nation. Brent crude futures fell 34 cents, or 0.4%, to \$81.26 a barrel at 0337 GMT, while U.S. West Texas Intermediate crude futures declined 38 cents, or 0.5%, to \$76.26 a barrel. Both contracts lost more than \$1 a barrel on Wednesday, pressured by the rise in U.S. crude inventories, as refining dropped to its lowest levels since December 2022. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0528	1.0932
GBP/USD	1.2362	1.2768
USD/ZAR	17.0323	21.0642
USD/AED	3.6527	3.6930
USD/JPY	148.15	152.16