



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH FEBRUARY 2024

DOMESTIC NEWS

Kenya's shilling gave up some of its gains in afternoon trading on Thursday, after traders said the central bank bought dollars to curb volatility as the currency surged to its strongest level since June 2023. The central bank says it only intervenes to smooth out volatility when the shilling is moving too fast in either direction. Commercial banks quoted the shilling at 145.00/146.00 to the U.S. dollar, up more than 3% on Wednesday's closing rate of 150.00/151.00. At one point on Thursday the shilling was up almost 8% on the day, bid as strong as 139.00 to the U.S. dollar (Reuters).

Kenya's shilling rallied the most in almost 16 years as locals offloaded dollars after the nation's successful Eurobond sale fueled speculation a shortage of the US currency is over. The shilling headed for its eighth day of gains — putting it on track for an almost 10% appreciation against the greenback in the period. That's seen the currency go from second-worst performer in Africa to the strongest in the year so far. On top of that, foreign investors are snapping up the local currency to pay for 241 billion shillings (\$1.6 billion) of local infrastructure debt sold on Wednesday. The central bank accepted bids for about three times the amount of notes on offer. (Bloomberg).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	135.50	155.50	135.50	155.50
GBP/KES	179.06	192.06	178.26	192.96
EUR/KES	151.64	165.54	151.94	168.44
AED/KES	35.62	48.62	37.62	49.12

	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 fell for a second straight session on Thursday after a mixed, but overall solid batch of U.S. economic data, which is unlikely to stop the Federal Reserve from cutting interest rates by June, the first since the pandemic. The U.S. dollar index was last down 0.4% at 104.28. Against the yen, the dollar slid 0.4% to 149.92. In the United States, data showed retail sales, unadjusted for inflation, fell 0.8% in January, much lower than an expected decline of 0.1% based on a Reuters poll. The data was likely weighed down by winter storms. Unadjusted retail sales in general fall in January. Economists had cautioned before the data release not to read too much into any sharp drop. "The market remains focused on day-to-day data prints at this stage, but I don't think anything has really changed much," said Brad Bechtel, global head of FX at Jefferies in New York. A separate report showed initial claims for state unemployment benefits fell 8,000 to a seasonally adjusted 212,000 for the week ended Feb. 10. This is further evidence that the U.S. labor market remains tight.

On the other hand, The GBP/USD pair manages to hold above the key 100-day Exponential Moving Average (EMA) of 1.2580 during the early Asian session on Friday. The EUR/USD pair edges lower to near 1.0760 during the Asian session on Friday. The improved US yields contribute upward support for the Greenback against the Euro (EUR).

In the commodities markets, Gold prices moved little in Asian trade on Friday after retaking a key level as weak U.S. retail sales data spurred some doubts over when the Federal Reserve will begin cutting interest rates. Spot gold steadied at \$2,003.86 an ounce, while gold futures expiring in April steadied at \$2,015.55 an ounce. Both instruments were set to lose 1.1% this week- their worst week since early-December.

On the other hand, Oil prices stalled on Friday over a forecast of slowing demand by the International Energy Agency after gaining in the previous session on weak U.S. retail sales data that sparked optimism that the Fed might cut interest rates sooner than expected. Brent crude futures were down 9 cents, or 0.1%, to \$82.77 a barrel at 0342 GMT. U.S. West Texas Intermediate crude futures rose 4 cent to \$78.07 a barrel. Meanwhile, Israeli forces said on Thursday they had raided the biggest functioning hospital in Gaza as footage showed chaos, shouting and gunfire in dark corridors filled with dust and smoke. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0560	1.0962
GBP/USD	1.2379	1.2783
USD/ZAR	16.9304	20.9478
USD/AED	3.6523	3.6933
USD/JPY	148.25	152.28