



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 19<sup>TH</sup> FEBRUARY 2024

### DOMESTIC NEWS

Kenya's shilling strengthened on Friday but at a slower pace than a day earlier, helped by dollar inflows from the agriculture sector and small and medium businesses. Commercial banks quoted the shilling at 143.00/143.50 per dollar, up more than 1% on Thursday's closing rate of 145.00/146.00. (Reuters).

The Kenya Revenue Authority (KRA) collected about Sh25.9 billion more in fuel taxes in the six months to last December, even as consumption dropped on record-high pump prices. The official fuel consumption figures show the KRA collected an estimated Sh164.03 billion in fuel taxes between last July and December, up from Sh139.08 billion in 2022. Consumption dropped five percent in the wake of the increased prices, with 2.28 billion litres of petrol, diesel and kerosene used in the period compared to 2.4 billion litres in the second half of 2022. The jump in tax collections came at a time when the National Assembly voted to double value-added tax (VAT) on petrol, diesel and kerosene to 16 percent effective last July year, sending pump prices past Sh200 per litre. Prices of fuel have since dropped with petrol being the only fuel whose price per litre is above Sh200 in Nairobi. (Reuters).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	139.50	149.50	139.50	149.50
GBP/KES	178.35	191.35	177.55	192.25
EUR/KES	150.87	164.77	151.17	167.67
AED/KES	35.34	48.34	37.34	48.84

	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 retreated on Friday amid concerns about the strength of the U.S. economy after higher-than-expected producer prices raised expectations that the Federal Reserve will desist from cutting interest rates until at least the middle of the year. The rise in producer prices reported by the Labor Department was the largest in five months and followed a hotter-than-expected report on Tuesday for consumer prices last month. But data on Thursday for U.S. retail sales in January showed the sharpest drop in 10 months, giving some in the market pause as the report suggested slowing momentum in consumer spending as sales were revised lower in November and December too. U.S. markets will be closed on Monday for the Presidents' Day holiday. The dollar index, a gauge of the greenback's value versus six major currencies, was on track for a fifth straight week of gains. It last rose 0.01% to 104.26, and was up about 0.12% for the week. The resilient U.S. labor market, stronger-than-expected economic growth and the inflation data indicate the dollar could be higher than it is, said Eugene Epstein, head of structuring for North America at Money Corp in New Jersey.

On the other hand, EURUSD rose 0.04% to \$1.0775, while the yen weakened 0.22% to 150.23 per dollar. GBPUSD pair shows new positive trades to continue testing the broken neckline of the triple top pattern, and we need to monitor trades carefully, as continuing the rise and breaching 1.2650 will stop the correctional bearish scenario and lead the price to regain the main bullish trend again. USDJPY has touched 150 the last few days, putting the market on high alert to a possible intervention by Japanese authorities to weaken the yen.

In the commodities markets, Gold prices rose in Asian trade on Monday, extending a rebound from one-month lows after recently breaking below a key support level, although fears of higher-for-longer U.S. rates kept prices largely rangebound. Spot gold rose 0.3% to \$2,019.95 an ounce, while gold futures expiring in April rose 0.4% to \$2,031.15 an ounce.

On the other hand, Oil prices fell as investor attention returned to the demand outlook after reports of higher producer prices in the U.S., the world's biggest oil user, stoked worries that sticky inflation and higher interest rates would limit fuel consumption growth. U.S. producer prices increased more than expected in January amid strong gains in the costs of services, which could amplify inflation worries. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0580	1.0984
GBP/USD	1.2417	1.2820
USD/ZAR	16.8892	20.9014
USD/AED	3.6524	3.6934
USD/JPY	148.00	152.00

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