



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 20<sup>TH</sup> FEBRUARY 2024

### DOMESTIC NEWS

Kenya's shilling held steady against the dollar on Monday, pausing after last week's rally. Commercial banks quoted the shilling at 144.00/145.00 per dollar, the same as Friday's close. The shilling gained more than 10% against the U.S. currency last week, at one stage hitting its strongest level since June 2023, driven by foreign inflows into domestic debt and confidence the government would repay a \$2 billion Eurobond maturing in June. (Reuters).

Kenya's public debt shot up by Sh1.93 trillion in the year ended December 2023, raising the country's indebtedness to a new high of Sh11.14 trillion. This translated to a daily increase of Sh5.29 billion for the entire 2023, the year when the Kenyan shilling shed 26.8 percent of its value against the US dollar. The shilling's depreciation had a heavy impact on external public debts, accounting for 73 percent (Sh1.4 trillion) of the Sh1.9 trillion increase during the year. "The gross public debt as at December 31, 2023, increased by Sh1.93 trillion to Sh11.1397 trillion compared to Sh9.2 trillion as at the end of December, 2022. The gross public debt comprised 54.7 percent external debt and 45.3 percent domestic debt," Treasury reported in the October-December 2023 quarterly economic and budget review report. (Reuters).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	140.50	150.50	140.50	150.50
GBP/KES	179.11	192.11	178.31	193.01
EUR/KES	151.79	165.69	152.09	168.59
AED/KES	35.61	48.61	37.61	49.11

	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 inched higher on Monday after rising for the fifth week straight on the back of strong inflation data, while the yen traded near the psychologically important 150 level. U.S. markets were closed for the Presidents' Day holiday, with trading volumes low throughout the day. The dollar index, which tracks the currency against six peers, was last up 0.13% at 104.35, after rising 0.18% the previous week. It rose to its highest since mid-November last Tuesday to 104.97 after figures showed U.S. inflation came in stronger than expected in January, causing investors to dial down the number of interest rate cuts they expect from the Federal Reserve this year. But it slipped on Thursday after data showed retail sales fell last month. The minutes from the Fed's last meeting, due on Wednesday, are likely to be the main release for investors this week. Investors expect around 90 basis points of Fed rate cuts this year, according to money market pricing, down sharply from around 145 basis points at the start of February.

On the other hand, EURUSD was down 0.12% at \$1.0763, after falling to a three-month low of \$1.0695 last week. Sterling was unchanged at \$1.2595. Survey-based purchasing managers' index data, released on Thursday, will give a sense of the health of the euro zone and UK economies in February. USDJPY slipped 0.1% on Monday, taking it to 150.08 yen. It remains around 6% higher against the yen this year as Japan has kept its ultra-loose monetary policy in place. Finance Minister Shunichi Suzuki last week warned that "rapid moves are undesirable for the economy". China's onshore yuan barely budged as investors returned from the week-long Lunar New Year break, despite tourism revenues surging during the holiday. It last changed hands for around 7.1987 per dollar.

In the commodities markets, Gold prices kept to a tight range in Asian trade on Tuesday amid persistent concerns over higher-for-longer interest rates, while a U.S. market holiday also made for scant immediate trading cues. Spot gold prices rose 0.1% to \$2,019.17 an ounce, while gold futures expiring in April steadied at \$2,030.20 an ounce.

On the other hand, Oil prices were broadly steady on Tuesday, hovering close to three-week highs on heightened Middle East tensions and recovering China demand. Brent futures ticked down 11 cents to \$83.45 a barrel. U.S. West Texas Intermediate (WTI) crude for April delivery inched down 11 cents to \$78.35 a barrel. The March WTI contract rose 36 cents to \$79.55 a barrel as traders prepared for that contract to expire during the day. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0572	1.0974
GBP/USD	1.2388	1.2794
USD/ZAR	16.9770	20.9750
USD/AED	3.6524	3.6934
USD/JPY	148.38	152.38

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