



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 21<sup>ST</sup> FEBRUARY 2024

### DOMESTIC NEWS

Kenya's shilling firmed on Tuesday, helped by dollar inflows from non-governmental organizations and horticultural produce exporters. Commercial banks quoted the shilling at 144.00/145.00 per dollar, compared with Monday's closing rate of 145.00/146.00. (Reuters).

The government has raided the pockets of fuel consumers once again after it tripled the tax payable to the Energy and Petroleum Regulatory Authority (Epra) for every litre of the commodity purchased. The Ministry of Energy last week increased the Petroleum Regulatory Levy to Sh0.75 per litre up from Sh0.25. The levy is one of nine taxes and levies that are charged on fuel, and has been increased to fund the operations of the energy regulator. The others are excise duty, Road Maintenance Levy, Petroleum Development Levy, Railway Development Levy, Anti-Adulteration Levy, Merchant Shipping Levy, Import Declaration Fee and Value Added Tax (VAT). The increase of the levy last week went largely unnoticed because the energy regulator reduced the overall price of fuel by Sh1 per litre. Energy Cabinet Secretary Davis Chirchir last week published the Energy (Energy and Petroleum Regulatory Authority Petroleum Levy) Regulations, 2024 giving effect to the new charge. (Reuters).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	140.50	150.50	140.50	150.50
GBP/KES	179.79	192.79	178.99	193.69
EUR/KES	152.43	166.33	152.73	169.23
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 U.S. dollar slipped lower in early European trade Tuesday but remains close to recent highs given the prospects of higher-for-longer U.S. interest rates, while the euro faces a wages test later in the session. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower at 104.082. The greenback has edged lower Tuesday with U.S. traders set to return after Monday's Presidents' Day holiday, but remained close to three-month highs amid mounting expectations that the Federal Reserve will delay the start of its rate-cutting cycle to the start of the summer compared with the expected March at the beginning of the year. Data released last week showed both U.S. producer prices and consumer prices increased more than expected in January, while Fed official Mary Daly stated on Friday that there is still "more work to do" to bring inflation back down to the U.S. central bank's 2% target. The U.S. economic data calendar is largely empty Tuesday, likely resulting in quiet trading ahead of the release of the minutes of the Fed meeting from last month, scheduled for Wednesday.

On the other hand, EUR/USD traded 0.2% higher at 1.0795, helped data showing the eurozone's current account in a larger than expected surplus in December, pointing to economic recovery. GBP/USD traded 0.1% higher at 1.2605, in quiet trading ahead of the release of the monthly surveys of business activity later this week. USDJPY fell 0.05% to 150.04 Japanese yen, after earlier trading at 150.45. USD/CNY traded largely unchanged at 7.1983.

In the commodities markets, Copper and gold are expected to see the largest immediate price boost in the commodities sector from potential U.S. Federal Reserve interest rate cuts, analysts at Goldman Sachs said. "The immediate price boost from a Fed driven 100 basis point decline in U.S. 2-year rates is the largest for metals, especially copper (6%), and then gold (3%), followed by oil (3%)," Goldman Sachs said in a Feb. 20 note.

On the other hand, Oil prices regained some ground in Asian trade on Wednesday amid concerns over attacks on shipping in the Red Sea and growing expectations that cuts to U.S. interest rates will take longer than thought. Brent crude futures rose 30 cents or 0.36% to \$82.64 a barrel by 0324 GMT, while U.S. West Texas Intermediate crude futures (WTI) were up 26 cents or 0.34% at \$77.3. U.S.

(Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0513	1.0917
GBP/USD	1.2433	1.2833
USD/ZAR	16.8783	20.8794
USD/AED	3.6528	3.6931
USD/JPY	147.97	151.97

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