



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 26TH FEBRUARY 2024

DOMESTIC NEWS

Kenya's shilling gained ground on Friday, helped by slowing importer demand for dollars, traders said. Commercial banks quoted the shilling at 145.00/146.00 per U.S. dollar, compared with Thursday's closing rate of 146.00/147.00. (Reuters).

The Treasury in 2023 tapped Sh105 billion from the dollar reserves the Central Bank of Kenya (CBK) received from the International Monetary Fund (IMF) in the form of special drawing rights (SDR), new disclosures show. The IMF SDR is a reserve currency created to supplement the official reserves of its poor member countries. It helps countries to improve liquidity. The SDR funds were allocated to Kenya as part of the multilateral lender's bailout to all countries to ease the balance of payment constraints for Covid-hit economies. According to exchequer data for the year ended December 2023, the drawdowns now make up 2.1 percent of overall domestic debt. The Treasury began drawing from the SDRs again in 2023 following an increase in allocations from the Fund in August 2021 to all IMF member countries to help deal with liquidity challenges following an economic downturn the pandemic caused. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	140.50	150.50	140.50	150.50
GBP/KES	180.28	193.28	179.48	194.18
EUR/KES	152.55	166.45	152.85	169.35
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 was on the front foot on Monday ahead of a packed week filled with key economic releases that will provide further clues on the global interest rate outlook, with a U.S. inflation reading taking centre stage. The core personal consumption expenditures (PCE) price index - the Federal Reserve's preferred measure of inflation - is due on Thursday, where expectations are for a 0.4% increase monthly. The [dollar index](#) and [dollar index futures](#) both rose 0.1% in Asian trade on Monday, after clocking their first weekly loss in 2024.

On the other hand, Sterling was flat at \$1.2671, while the Australian dollar fell 0.07% to \$0.6559. The euro was changed little on the day at \$1.0822. It has dropped from \$1.11395 on Dec. 28, but is up from \$1.0695 on Feb. 14. The [yen](#) moved little on Monday but hovered well above the 150 level to the dollar and remained close to three-month lows.

In the commodities markets, gold prices retreated in Asian trade on Monday, remaining well within a recent trading range as anxiety over higher-for-longer U.S. rates grew in anticipation of key economic readings. The yellow metal failed to make any major price headway in recent weeks as a string of Federal Reserve officials warned that the bank was in no hurry to cut interest rates. Signs of sticky U.S. inflation and resilience in the job market furthered this notion, with traders now steadily pricing out chances of rate cuts in May and June. Still, some safe haven demand for gold helped limit losses in the yellow metal. Signs of a recession in Japan and the UK, coupled with continued geopolitical disruptions in the Middle East fed into safe haven demand. Spot gold fell 0.2% to \$2,032.32 an ounce, while gold futures expiring in March fell 0.4% to \$2,041.85 an ounce.

On the other hand, Oil prices fell on Monday, extending losses from the previous session after the dollar rose amid market concerns that higher-than-expected inflation could delay cuts to high U.S. interest rates that have been capping global fuel demand growth. Brent crude futures fell 35 cents, or 0.4%, to \$81.27 a barrel, while U.S. West Texas Intermediate crude futures (WTI) declined 35 cents, or 0.5%, to \$76.14 a barrel as the U.S. dollar strengthened. A stronger dollar makes oil more expensive for holders of other currencies. Inflation data from several major economies is due this week, including Japan, Australian, the euro zone and the U.S. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0627	1.1029
GBP/USD	1.2461	1.2865
USD/ZAR	17.1523	21.1771
USD/AED	3.6529	3.6931
USD/JPY	148.63	152.65