



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH FEBRUARY 2024

DOMESTIC NEWS

The Kenyan shilling weakened on Tuesday as demand for dollars from oil and manufacturing companies weighed on the local unit. Commercial banks quoted the shilling at 145.50/146.50 to the U.S. dollar, compared to its close of 145.00/146.00 on Monday. (Reuters).

Slowing inflationary pressure in advanced economies such as the US and Britain lifted the monthly flow of dollars from Kenyans living abroad to record levels, in part helping ease pressure on the shilling. Diaspora remittances amounted to \$412.41 million (about Sh65.83 billion using the average conversion rate of 159.63 units per dollar) in January, official data shows, the highest levels on record. The Central Bank of Kenya (CBK) statistics indicate inflows from the US —which accounted for 54 percent of the total remittances — grew 8.17 percent year-on-year to \$221.01 million (about Sh35.28 billion), a 25-month high. Inflation in the US rose 3.1 percent in January, slower than five percent growth in wages, freeing up income for households there. Kenyans in Britain sent home \$49.02 million (about Sh7.83 billion) in January, a 115.79 percent jump over \$22.72 million (Sh3.63 billion) a year ago, lifting Europe's second-largest economy above Saudi Arabia. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	141.50	151.50	141.50	151.50
GBP/KES	181.53	194.53	180.73	195.43
EUR/KES	153.79	167.69	154.09	170.59
AED/KES	35.89	48.89	37.89	49.89

	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 edged lower in early European trade Tuesday, while the euro gained before the release of key inflation readings later this week which will offer more cues on global interest rates. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% lower at 103.570, following a 0.2% slide on Monday. The dollar has retreated over the last week, but still trades not far away from recent three-month highs as traders' position for the Federal Reserve maintaining interest rates at elevated levels for longer than had been expected at the start of the year. Kansas City Federal Reserve Bank President Jeffrey Schmid became, on Monday, the latest official to warn that the central bank was in no hurry to begin trimming interest rates early. "With inflation running above target, labor markets tight and demand showing considerable momentum, my own view is that there is no need to preemptively adjust the stance of policy," Schmid said in his first extensive public remarks since he began the job last August.

On the other hand, EUR/USD traded 0.2% higher at 1.0863. GBP/USD traded 0.1% higher at 1.2698, after data showed that British grocery prices rose this month at their lowest rate since March 2022. USD/JPY traded 0.4% lower to 150.17, with the yen one of the day's better performers after consumer inflation read slightly higher than expected for January. USD/CNY traded largely unchanged at 7.1980.

In the commodities markets, Oil prices pulled back in Asia on Wednesday as the prospect of a delay in the U.S. rate-cutting cycle and a rise in U.S. crude stocks offset a boost on Tuesday from news OPEC+ might extend its output cuts. Brent crude futures fell 30 cents, or 0.36%, to \$83.35 a barrel by 0302 GMT, while U.S. West Texas Intermediate futures (WTI) dropped 28 cents to \$78.59 a barrel.

On the other hand, Gold prices stuck to a tight range in Asian trade on Tuesday as investors looked to a swathe of upcoming economic data for more trading cues, although the near-term outlook for the yellow metal remained constrained. Bullion prices also remained largely within a \$2,000 to \$2,050 an ounce trading range established over the past two months, as any potential upside in the yellow metal was largely quashed by the prospect of higher for longer U.S. interest rates. Spot gold rose 0.1% to \$2,033.36 an ounce, while gold futures expiring in April rose 0.2% to \$2,042.60 an ounce.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0626	1.1028
GBP/USD	1.2457	1.2859
USD/ZAR	17.1274	21.1489
USD/AED	3.6524	3.6934
USD/JPY	148.61	152.63