



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH FEBRUARY 2024

DOMESTIC NEWS

The Kenyan shilling fell slightly against the dollar on Wednesday. The local unit was trading at 146.50/147.50 against the greenback, down from its closing level of 146.00/147.00 on Tuesday. (Reuters).

The Treasury borrowed Sh223.5 billion in the four months to January from 11 new loans contracted from multilateral and commercial creditors between last September and the end of January 2024. From this, Sh30 billion was used for the preparations to refinance the maturing Eurobond. The details of the new borrowings show that 10 of the loans are from multilateral lenders and one from a commercial lender. "The total value of the 11 new loans signed is equivalent to Sh223,541,581,121. Two of the loans had been disbursed by the time of submitting this report," Treasury Cabinet secretary Njuguna Ndung'u said in disclosures to the National Assembly. Kenya last week moved to avert a default of the \$2 billion Eurobond maturing in June after it settled on a higher rate on its return to the global debt market to finance an early buyback. The country raised \$1.5 billion through a Eurobond issued expensively to global investors to help buy back its \$2 billion Eurobond issued in 2014. President William Ruto announced that Kenya had paid \$1.5 billion from the proceeds of the Eurobond priced at 10.37 percent. (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	180.30	193.30	179.50	194.20
EUR/KES	152.76	166.66	153.06	169.56
AED/KES	35.62	48.62	37.62	49.12

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

Most Asian currencies moved little on Thursday and the dollar steadied ahead of key U.S. inflation data, while the yen strengthened sharply as a Bank of Japan member called for an end to negative interest rates. Regional currencies were nursing overnight losses after several Federal Reserve members said that more work was needed to achieve the bank's 2% annual inflation target, while GDP data underscored resilience in the U.S. economy. Focus was squarely on PCE price index data- the Fed's preferred inflation gauge, which is due later on Thursday and expected to reiterate that inflation remained sticky in January. A chorus of Fed officials said the central bank was in no hurry to begin cutting interest rates, citing concerns over sticky inflation. Fed officials John Williams and Raphael Bostic both said on Wednesday that more work was needed to meet the Fed's 2% annual inflation target.

On the other hand, EUR/USD traded 0.2% lower at 1.0818, with Europe also looking forward to its own slew of inflation reports, with Germany, France and Spain scheduled to release price data on Thursday ahead of the eurozone's figures on Friday. GBP/USD traded 0.4% lower at 1.2635, with sterling hit by a stronger dollar and after recent data showed U.K. grocery prices rising at their lowest rate since March 2022. USD/JPY traded 0.2% higher to 150.80. USD/CNY traded largely unchanged at 7.1993. NZD/USD fell 1.1% to 0.6103.

In the commodities markets, Gold prices kept to a tight range in Asian trade on Thursday, with traders remaining on the sidelines in anticipation of key U.S. inflation data that is expected to factor into the path of interest rates. Spot gold steadied at \$2,035.26 an ounce, while gold futures expiring in April were flat at \$2,043.45 an ounce. Copper futures expiring in March rose 0.4% to \$3.8540 a pound, and were set to lose 1.3% in February, breaking a three-month winning streak.

On the other hand, Oil prices on Thursday extended declines from the previous session after a larger-than-expected build in U.S. crude stockpiles stoked worries about slow demand, while signs that U.S. interest rates could remain elevated added to pressure. Brent crude futures fell 14 cents, or 0.2%, to \$83.54 a barrel by 0420 GMT. U.S. West Texas Intermediate crude futures were down 4 cents, or 0.1%, to \$78.50 a barrel. High borrowing costs typically reduce economic growth and oil demand. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0632	1.1035
GBP/USD	1.2463	1.2867
USD/ZAR	17.2471	21.2545
USD/AED	3.6528	3.6930
USD/JPY	147.88	151.91

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