



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 01ST MARCH 2024

DOMESTIC NEWS

The Kenyan shilling was unchanged in thin trading on Thursday, ahead of the release of local inflation figures later in the day. Commercial banks quoted the shilling at 146.00/147.00 against the dollar, the same level it closed at on Wednesday. (Reuters).

Kenya's inflation rate has declined to 6.3pc in February after rising to 6.9pc in January this year on account of lower prices consumers experienced in the fuel index. Data published Thursday by the Kenyan National Bureau of Statistics (KNBS) indicates that housing, water, electricity, gas and other fuels' index decreased by 0.8pc between January and February mainly due to a drop in prices of 200 kWh and 50 kWh of electricity by 9.3pc and 11pc, respectively. In the first week of February, the CBK's Monetary Policy Committee (MPC) raised its benchmark lending rate to a 12-year high of 13 percent owing to the weak shilling and concerns that the inflation rate had remained stuck in the upper bound of between five and 7.5 percent. The 6.3 percent inflation is the lowest since the March 2022 rate of 5.56 percent and remains within the Central Bank of Kenya (CBK) band of between 2.5 percent and 7.5 percent.

(Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	142.00	152.00	142.00	152.00
GBP/KES	181.62	194.62	180.82	195.52
EUR/KES	154.04	167.94	154.34	170.84
AED/KES	35.02	49.02	38.02	49.52

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 Dec 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

The dollar rose on Thursday in choppy trading and was on track for its second consecutive monthly gain against the euro and yen, overcoming an earlier dip after data showed that U.S. inflation was as expected in January. The dollar fell earlier on Thursday after data showed that U.S. price gains in January were the smallest in nearly three years, keeping a June interest rate cut from the Federal Reserve on the table. The dollar index had hit a three-month high after the Consumer Price Index (CPI) released on Feb. 13 showed prices accelerated more than expected in January. Traders are pricing in a 64% probability the Fed will begin cutting rates in June, up from 63% on Wednesday, according to the CME Group's (NASDAQ:CME) FedWatch Tool. The dollar index was last up 0.22% on the day at 104.15. It is set for a monthly gain of 0.57%.

On the other hand, EURUSD fell 0.33% to \$1.0800 and is set for a monthly loss of 0.15%. The yen bounced after Bank of Japan board member Hajime Takata said he felt there were finally prospects for achieving the bank's 2% inflation target, paving the way to leave behind negative rates and yield caps. GBP/USD pair attracts some buying during the early European trading hours on Friday and for now, seems to have snapped a two-day losing streak to a one-week low, around the 1.2615-1.2610 region touched the previous day.

In the commodities markets, Gold prices steadied in Asian trade on Friday and were close to breaking above key levels as overnight data spurred hopes that easing inflation will spur interest rate cuts from the Federal Reserve. Spot prices of the yellow metal were now close to breaking above a \$2,000 to \$2,050 an ounce trading range established through most of 2024. Spot gold steadied at \$2,043.64 an ounce, while gold futures expiring in April fell 0.1% to \$2,051.95 an ounce. Both instruments surged between 0.4% and 0.6% on Thursday, also benefiting from month-end buying after a largely muted performance through February.

On the other hand, Oil prices edged up on Friday and were set to end the week modestly higher as markets awaited an OPEC+ decision on supply agreements for the second quarter amid differing demand indicators key consumers U.S. and China. Brent futures for May climbed 27 cents, or 0.33%, to \$82.18 a barrel by 0403 GMT, while U.S. West Texas Intermediate (WTI) for April rose 20 cents, or 0.26%, to \$78.46. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0610	1.1014
GBP/USD	1.2426	1.2829
USD/ZAR	17.1703	21.1811
USD/AED	3.6527	3.6930
USD/JPY	148.41	152.44

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