



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 04TH MARCH 2024

DOMESTIC NEWS

The Kenyan shilling traded marginally stronger in thin trading on Friday, traders said. Commercial banks quoted the shilling at 146.25/147.25 against the dollar, a touch firmer than its previous close of 146.50/147.50 on Thursday. "Feels like the lull before a storm," one trader said (Reuters).

The International Finance Corporation (IFC) is set to offer advisory services to Kenyan banks in a \$1.5 million deal (Sh219 million) to help the lenders in climate risk mitigation. The project will see the global financier provide knowledge through training and workshops on climate risk analytics, assessments, and best management practices. The risks posed by climate change to banks and insurers include higher defaults from disruption of enterprises, a jump in insurance claims and the destruction of assets. "The objective of this project is to build resilience on the negative impact of climate change by enhancing financial institutions' (FIs) Capacity in Climate risk assessment, management, and disclosure in line with the Paris Agreement's mitigation and adaptation objectives," IFC said in its disclosures. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	141.00	151.00	141.00	151.00
GBP/KES	180.93	193.93	180.13	194.83
EUR/KES	153.45	167.35	153.75	170.25
AED/KES	35.75	48.75	37.75	49.25

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 U.S. dollar showed resilience in early European trade Friday, retaining the majority of overnight gains after the release of eagerly-anticipated U.S. inflation data, while the euro showed some strength. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded largely unchanged at 104.107, after a volatile overnight session. The PCE price index, the Federal Reserve's preferred inflation gauge, cooled in January, according to data released Thursday, but remained well above the central bank's annual inflation target. This followed a string of strong U.S. economic numbers which pointed to persistent price pressures, resulting in the markets pricing out the chances of a rate cut as early as this month. June is now seen as the likely starting point for the Fed's rate cutting cycle, with traders seeing around 75 bps of easing this year.

On the other hand, EUR/USD traded 0.1% higher at 1.0813, ahead of the release of the eurozone CPI figure for February, which is expected to show another slowdown of inflation in the region. GBP/USD traded 0.1% higher at 1.2635, after data from mortgage lender Nationwide showed that British house prices rose in February in annual terms for the first time in more than a year. USD/JPY traded 0.5% higher to 150.66, with the yen relinquishing all its gains on Thursday, trading back above the 150 level as the prospect of higher for longer U.S. rates largely overshadowed any early rate hikes by the Bank of Japan.

In the commodities markets, gold prices fell slightly in Asian trade on Monday but remained within sight of two-month highs after growing conviction over U.S. interest rate cuts this year spurred sharp gains in the yellow metal. But gold may now once again tread water in the near-term, especially ahead of key Federal Reserve signals and labor data due later in the week. Spot gold fell 0.1% to \$2,080.86 an ounce, while gold futures expiring in April fell 0.3% to \$2,089.25 an ounce. Both instruments rallied over 2% each over the past week, hitting their highest levels for 2024 and breaking out of a trading range established for most of the year so far.

On the other hand, Oil prices nudged higher on Monday after OPEC+ members agreed to extend voluntary oil output cuts to the end of the second quarter, largely in line with market expectations, while Russia pledged to cut production and exports. Brent futures was 14 cents, or 0.2% higher, at \$83.69 a barrel, while the U.S. West Texas Intermediate (WTI) inched up 2 cents to \$79.99 a barrel. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0643	1.1047
GBP/USD	1.2462	1.2866
USD/ZAR	17.1036	21.1184
USD/AED	3.6528	3.6938
USD/JPY	148.34	152.35