



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 07TH MARCH 2024

DOMESTIC NEWS

Kenya's shilling KES= held steady on Wednesday and it was expected to firm in the days ahead due to inflows from offshore investors. Commercial banks quoted the shilling at 142.50/143.50 per dollar, the same as Tuesday's closing rate. (Reuters).

The share of Treasury bills in domestic debt has shrunk to the lowest level in history on continued debt management by the government. Data published by the Central Bank of Kenya reveals the outstanding stock of T-bills shrunk to Sh553.3 billion at the end of last week representing 10.6 percent of total domestic debt. Proportion of T-bills in internal debt has fallen over the years from a high of 70 percent in February 2001 to the current low and is expected to even go lower. The fall is because of the government's aggressive aim in debt management by reducing short-term lending to push maturities to a longer period. With government revenue underperforming relative to expenditure in an environment where credit has become scarce, the return on the one-year T-bill has risen to 16.9 percent. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	138.50	148.50	138.50	148.50
GBP/KES	178.78	191.78	177.98	192.68
EUR/KES	151.57	165.47	151.87	168.37
AED/KES	35.07	48.07	37.07	48.57

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

A strong U.S. dollar will maintain the status quo in the near term, as markets brace for a risk the Federal Reserve's first interest rate cut gets delayed to the second half of this year, according to a Reuters poll of foreign exchange strategists. Shrugging off a weakening trend late last year, the dollar has gained against nearly every currency tracked by traders and investors and is up nearly 2.5% for the year. Much of the greenback's recent strength is based on stronger-than-expected U.S. economic performance and receding calls for early Fed rate cuts. The timing of the latter is likely to have a bigger say on the currency's moves in the near-term. Powell said in an overnight testimony that the Fed did intend to cut interest rates in 2024- a scenario that bodes well for non-yielding assets such as gold. The dollar index, which measures the currency's strength against a basket of six currencies, was down 0.41% at 103.36. The index had climbed as high as 104.97, up about 3.6% for the year, in mid-February, helped by robust U.S. economic data, but has retreated as recent reports showed some softness.

On the other hand, EURUSD down around 1.5% for the year, was forecast to gain 3.0% to trade around \$1.12 in a year. USDJPY which has lost nearly a third of its value since 2021, was expected to gain over 9.0% in 12 months to trade at 137.00/dollar. GBPUSD edged up 0.25% to \$1.2738 as traders digested Britain's latest fiscal plans.

In the commodities markets, Oil prices held steady on Thursday, holding onto overnight gains after upbeat Chinese trade data and after U.S. data showed a smaller-than-expected rise in crude inventories and large draws in fuel stocks. However, expectations that U.S. interest rate cuts could be delayed capped gains. Brent crude futures slipped 4 cents to \$82.92 a barrel while U.S. West Texas Intermediate crude futures inched down 1 cent to \$79.12 a barrel despite China's import and export growth beating estimates.

On the other hand, Gold prices rose to a record high in Asian trade on Thursday, buoyed chiefly by comments from Federal Reserve Chair Jerome Powell that the central bank will cut interest rates in 2024. The yellow metal extended a strong rally from last week amid growing optimism over U.S. interest rate cuts, with traders largely holding on to bets that the central bank will begin its rate cutting cycle by as soon as June. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0799	1.1102
GBP/USD	1.2530	1.2936
USD/ZAR	16.8250	20.8428
USD/AED	3.6524	3.6934
USD/JPY	146.44	150.49