



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 08TH MARCH 2024

DOMESTIC NEWS

Kenya's shilling KES= was stable on Thursday and it was expected to gain as companies convert their dollar holdings to pay local taxes. Commercial banks quoted the shilling at 142.50/143.50 per dollar, the same as Wednesday's closing rate. (Reuters).

The Kenya Revenue Authority (KRA) suffered a double-digit drop in revenue collections from the sale of land, houses, and shares in privately held firms in the first half of the current financial year, the latest official data shows. Taxes from financial transactions in real estate and shares in private companies amounted to Sh9.16 billion, a 16.53 percent decline compared with a similar period a year earlier when receipts stood at Sh10.98 billion. Treasury data analysis shows the receipts in the July-December 2023 period bucked a trend of double-digit growth in the previous two years. This came despite the taxman tripling the capital gains tax (CGT) rate three-fold to 15 percent, compared with previous years when the rate was five percent of net proceeds from the sale of property and shares in privately held firms. Developers and landowners disposing of property in US dollars booked double-digit forex gains when the cash was converted into local currency. This is after the shilling depreciated 11.31 percent in the six months through December 2023, for instance. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	137.00	147.00	137.00	147.00
GBP/KES	177.90	190.90	177.10	191.80
EUR/KES	150.55	164.45	150.85	167.35
AED/KES	34.66	47.66	36.66	48.16

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 traded on the backfoot Thursday as potential Federal Reserve's rate cuts appeared to draw nearer, while the euro slipped lower ahead of the latest European Central Bank meeting. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower at 103.220, near a one-month low. The dollar slipped lower Thursday in the wake of the start of Fed chief Powell's two-day testimony in front of Congress, as traders factored in U.S. interest rates falling this year even after some upside surprises on inflation. Fed Chair Jerome Powell said on Wednesday that rate cuts will "likely be appropriate" later this year "if the economy evolves broadly as expected" and once officials gain more confidence in inflation's steady deceleration. Powell appears before a Senate panel later Thursday, after testifying before the House on Wednesday. "In the past, Fed Chairs have used the second leg to correct any market overreaction to the first leg," said analysts at ING, in a note.

On the other hand, EUR/USD edged lower to 1.0895, after data released earlier Thursday showed that German industrial orders fell much more than expected in January. GBP/USD traded 0.1% higher at 1.2737. USD/JPY traded 0.9% lower to 147.97, with the yen surging on growing speculation that the Bank of Japan could end negative interest rates in the near future. USD/CNY edged higher to 7.1986. AUD/USD rose 0.4% to 0.6588.

In the commodities markets, Oil prices rose on Friday, driven by growing demand in the world's biggest consumers, the United States and China, while the U.S. Federal Reserve gave a positive signal on the possibility of rate cuts. Brent crude futures were up 0.6%, or 49 cents, at \$83.45 a barrel by 0415 GMT. U.S. West Texas Intermediate crude futures rose 0.7%, or 60 cents, to \$79.53. Both contracts were down slightly on the week so far, however, with Brent and WTI down 0.1% and 0.5% respectively.

On the other hand, Gold raced to an all-time high on Thursday, extending its record run this week as increasing bets for U.S. monetary easing added to sustained tailwinds for bullion from central bank buying and safe-haven demand. Spot gold was up 0.4% at \$2,156.93 per ounce as of 02:00 p.m. ET (1900 GMT), hitting record high of \$2,164.09 during the Asian trading hours. U.S. gold futures settled 0.2% higher at \$2,165.2. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0747	1.1149
GBP/USD	1.2606	1.3009
USD/ZAR	16.6832	20.6957
USD/AED	3.6527	3.6937
USD/JPY	145.87	149.91

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