



DIB Bank Kenya

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TREASURY MARKET UPDATE 12TH MARCH 2024

DOMESTIC NEWS

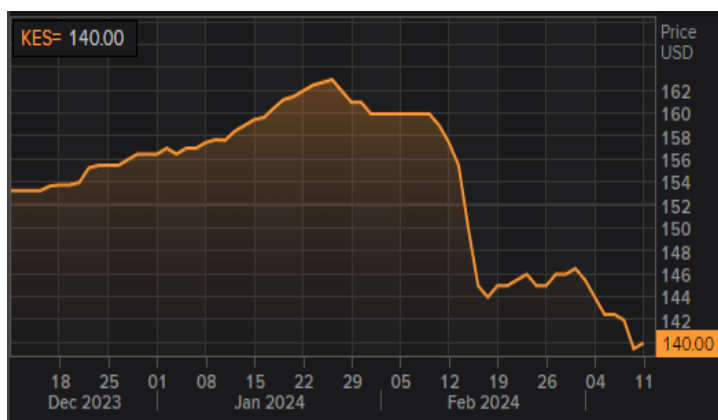
Kenya's shilling KES= started the week on the front foot on Monday. Commercial banks quoted the shilling at 139.00/140.00 against the U.S. dollar, stronger than its previous close of 139.50/140.50. (Reuters).

Consumer prices of electricity have dropped by an average Sh1 a unit for March, marking a second consecutive month of cost reliefs although paying producers cut more gains. This is after the Energy and Petroleum Regulatory Authority (Epra) lowered the fuel energy cost to Sh3.64 per kilowatt-hour (kWh) for this month from Sh4.14 in February on reduced uptake of expensive thermal power. Kenya Power increased the purchase of cheaper hydropower from 253.4 million units in January to 260.88 million units in February, easing pressure on bills. Epra data shows that foreign exchange rate fluctuation adjustment (Ferfa), which reflects the cost of servicing foreign currency loans used to finance power generation, went up to Sh3.68 for March from Sh3.22 per unit in February. Kenya Power Managing Director Joseph Siror on Monday said that consumers would enjoy cheaper prices in the coming months as the utility settles the outstanding payments. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	134.20	144.20	134.20	144.20
GBP/KES	174.48	187.48	173.68	188.38
EUR/KES	147.36	161.26	147.66	164.16
AED/KES	33.90	46.90	35.90	47.40

	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 slipped lower in early European trade Monday, trading near two-month lows ahead of the release of key U.S. inflation data for more clues over the timing of the start of the anticipated Federal Reserve rate-cutting cycle. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower at 102.287, after registering a hefty weekly loss of over 1% last, falling to levels last seen in mid-January. The dollar was hit hard last week after comments from Fed chief Jerome Powell, during his two-day testimony in front of Congress, were seen as dovish by the markets, suggesting the U.S. central bank was preparing to start cutting interest rates in the summer. Mixed jobs data on Friday—with nonfarm payrolls increasing by 275,000 but the unemployment rate rising to 3.9% in February after holding at 3.7% for three straight months—kept an anticipated June interest rate cut from the Fed on the table. And now traders will be looking to Tuesday's U.S. inflation data as they try to gauge how soon the Fed could start cutting interest rates. Economists are expecting February's consumer price index to rise 0.4% after a faster than expected increase of 0.3% in January.

On the other hand, EUR/USD edged 0.1% higher to 1.0944. Traders will also be looking to the eurozone January industrial production print, due later in the week. GBP/USD traded 0.1% lower at 1.2841, ahead of Tuesday's release of the latest U.K. jobs report, with traders and the Bank of England alike focusing on wage growth amid speculation over the timing of a first rate cut. USD/JPY traded 0.3% lower to 146.70. USD/CNY edged lower to 7.1840, while AUD/USD fell 0.2% to 0.6614 amid waning bets over more rate hikes by the Reserve Bank of Australia.

In the commodities markets, Oil prices rose in Tuesday trade as geopolitical tensions in the Middle East continued to spur concern, but gains were limited on bearish demand sentiments and as the market waited for monthly reports from oil agencies. Brent futures for May delivery was up 26 cents, or 0.3%, to \$82.47 a barrel. The U.S. crude April contract rose 17 cents, or 0.2%, to \$78.10 a barrel. On the other hand, Gold prices steadied just below record highs in Asian trade on Monday, with focus turning largely to upcoming U.S. inflation data for more cues on when the Federal Reserve will begin cutting interest rates. Spot gold rose 0.1% to \$2,180.47 an ounce, while gold futures expiring in April rose 0.1% to \$2,187.00 an ounce. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0735	1.1139
GBP/USD	1.2615	1.3019
USD/ZAR	16.6816	20.6917
USD/AED	3.6524	3.6934
USD/JPY	145.51	149.55

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