



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 13<sup>TH</sup> MARCH 2024

### DOMESTIC NEWS

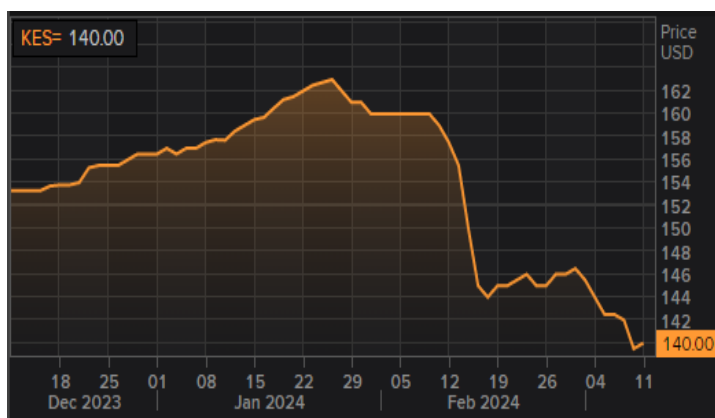
The Kenyan shilling inched higher against the dollar on Tuesday, touching its strongest level since May last year, LSEG data showed. The shilling traded at 138.50/139.50 to the U.S. currency, slightly firmer than Monday's close of 138.70/139.70. Earlier the shilling traded as strong as 138.00/139.00 to the greenback before retreating slightly. (Reuters).

The cost of exporting tea through the Mombasa port has nearly tripled due to a shortage of merchant ships on sustained attacks by Yemen-based militants on vessels transiting through the Red Sea. Exporters said they now have to wait for up to three weeks more to load cargo as the few operational vessels navigated longer routes around Africa instead of using the Red Sea and the Suez Canal with the extra costs passed to them. Since last November, major shipping lines have stopped or temporarily halted Red Sea operations, affecting the supply chain in different sea port States. The impact of this is that the cost of shipping a 40-foot container of tea to key destinations such as Russia has risen more than three times. The impact of this is that the cost of shipping a 40-foot container of tea to key destinations such as Russia has risen more than three times. (Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	134.00	144.00	134.00	144.00
GBP/KES	173.79	186.79	172.99	187.69
EUR/KES	146.94	160.84	147.24	163.74
AED/KES	33.84	46.84	35.84	47.34

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 steadied on Wednesday, retaining the bulk of its overnight gains after strong consumer inflation data furthered bets on higher-for-longer rates, while the British pound tread water before key GDP data. Strength in the dollar kept most other G7 currencies trading largely rangebound, with the euro, Australian dollar and Canadian dollar moving less than 0.1% in either direction. The dollar index and dollar index futures fell slightly, but retained a bulk of their overnight gains after a stronger-than-expected reading on consumer price index inflation. The reading showed that inflation remained stickier than expected, feeding into concerns that the Federal Reserve will have little impetus to begin trimming interest rates.

On the other hand, The British pound steadied on Wednesday at about 1.2792 against the dollar, in anticipation of several key economic readings. In the Euro zone, wholesale price index inflation from Germany is on tap. The euro moved little but remained within sight of two-month highs. The Japanese yen rose 0.3% on Wednesday, as signs of incoming wage hikes in Japan drummed up expectations for an imminent interest rate hike from the Bank of Japan.

In the commodities markets, Oil prices rose on Wednesday on expectations of strong global demand, including in the world's top consumer the United States, and as even somewhat sticky U.S. inflation did not significantly alter expectations the Fed might start cutting rates soon. Brent futures for May delivery rose 46 cents, or 0.6%, to \$82.38 a barrel. April U.S. West Texas Intermediate crude contract gained 47 cents, or 0.6%, to \$78.03.

On the other hand, gold prices steadied in Asian trade on Wednesday but were nursing a tumble from record highs after a strong U.S. inflation reading kept fears of higher-for-longer interest rates in play. The yellow metal was also hit with a degree of profit-taking after surging as high as \$2,200 earlier this week. While gold's initial bounce was triggered by bets on early interest rate cuts by the Federal Reserve, Tuesday's consumer price index data swiftly cooled those bets. Spot gold steadied at \$2,159.32 an ounce, while gold futures expiring in April fell 0.1% to \$2,164.45 an ounce. Both instruments were down about 2% each from record highs hit earlier this week. Spot gold hit a record high of \$2,195.20 an ounce, while gold futures hit a peak of \$2,203.0 an ounce on Monday. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0729	1.1128
GBP/USD	1.2589	1.3093
USD/ZAR	16.6633	20.6738
USD/AED	3.6527	3.6930
USD/JPY	145.58	149.62

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