



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 14<sup>TH</sup> MARCH 2024

### DOMESTIC NEWS

The Kenyan shilling strengthened against major world currencies, hitting a nine-month high against the U.S. dollar Wednesday. Commercial banks quoted the shilling at 137.00/138.00 against the U.S. dollar, its highest level since the currency started to decline in June last year. The shilling fell to a low of 160.23 to the dollar in January before clawing back gains to stand at Wednesday's level, a 13 percent gain. (Reuters).

The Treasury is considering introducing a 16 percent value-added tax (VAT) on bread and milk in a fresh push to boost revenue collections from middle-class households. Treasury Cabinet Secretary Njuguna Ndung'u said that studies by government agencies had shown that the current structure where VAT on bread and milk is zero-rated had failed to cushion the targeted poor households and instead benefited the middle class who have relatively high income. Zero-rated goods are products considered necessary, such as food items, sanitary products, and animal feeds, and are exempt from VAT. Zero-rating these items makes them more affordable for lower-income consumers. In the Tax Procedures (Electronic Tax Invoice) Regulations, 2023, the KRA had listed supplies by businesses with an annual turnover of less than Sh5 million among nine transactions that would be exempted from the electronic tax invoice in a move that brought relief for farmers and small businesses. (Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	132.50	142.50	132.50	142.50
GBP/KES	171.88	184.88	171.08	185.78
EUR/KES	145.54	159.44	145.84	162.34
AED/KES	33.44	46.44	35.44	47.94

	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 Jan 2024 – Date (Source: Reuters)

### INTERNATIONAL NEWS

Most Asian currencies retreated on Thursday, while the dollar steadied from recent gains as markets sought more cues on U.S. interest rates from producer inflation and retail sales data due later in the day. Regional currencies were still reeling from a stronger-than-expected U.S. consumer price index print earlier this week, which ramped up bets that the Federal Reserve will take its time in reducing interest rates. The dollar index and dollar index futures steadied in Asian trade on Thursday after reversing some of their gains earlier this week. Focus was largely on more inflation cues from producer price index and retail sales data, especially after Tuesday's hotter-than-expected CPI print. The data also comes just days before a Fed meeting next week, where the central bank is widely expected to keep rates on hold and offer scant cues on when it plans to begin trimming rates.

On the other hand, The GBP/USD pair continues with its struggle to gain any meaningful traction and extends its consolidative price move around the 1.2800 mark for the second successive day on Thursday. The EUR/USD registered solid gains of 0.19% on Wednesday, courtesy of a softer US Dollar amidst high US Treasury bond yields. An absent economic docket in the US, left traders adrift to Eurozone economic data and ECB speakers. As the Thursday Asian session begins, the pair exchanges hands at 1.0948. USD/JPY is back on the bids, gradually approaching 148.00 in the Asian session on Thursday.

In the commodities markets, Oil prices edged up in Asia on Thursday, supported by strong demand in the U.S. after gasoline stocks hit a three-month low and crude stockpile dropped unexpectedly, with supply concerns remaining after Ukrainian attacks on Russian refineries. Brent futures for May climbed 19 cents, or 0.23%, to \$84.22 a barrel at 0347 GMT, while April U.S. West Texas Intermediate (WTI) crude was up 15 cents, or 0.19%, at \$79.87 per barrel. U.S. crude oil stockpiles also fell unexpectedly as processing increased.

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. Spot gold steadied at \$2,159.32 an ounce, while gold futures expiring in April fell 0.1% to \$2,164.45 an ounce. 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	1.0740	1.1144
GBP/USD	1.2594	1.2995
USD/ZAR	16.6085	20.6111
USD/AED	3.6523	3.6934
USD/JPY	145.88	149.88

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