



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH MARCH 2024

DOMESTIC NEWS

The Kenyan shilling advanced to an 11-month high on Thursday, with a recent rally expected to continue in the week ahead. Commercial banks quoted the shilling at 135.00/136.00 against the dollar, a level not seen since April 2023. (Reuters).

The strengthening of the shilling against the US dollar last month has triggered the biggest drop in fuel prices in four years that will see consumers pay less than Sh200 for a litre starting today despite the higher landed cost. This follows the latest monthly review by the energy sector regulator that marked the fifth consecutive reduction in the final cost of the commodities. The Energy and Petroleum Regulatory Authority (Epra) has reduced the price of petrol by Sh7.21 per litre, that of diesel by Sh5.09 and kerosene by Sh4.49. This means that in Nairobi, petrol will be retailing at a maximum of Sh199.15 per litre while diesel and kerosene will be retailing at Sh190.38 and Sh188.74 respectively. Epra used an exchange rate of Sh148.02 to the dollar on the February imports, reflecting a significant strengthening of the local currency compared to January when it traded at 164.42 units to the greenback. The shilling has gained further this month, raising the prospect of even cheaper fuel prices in the next review. The new prices will be in effect today April 14. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	130.25	140.25	130.25	140.25
GBP/KES	168.27	181.27	167.47	182.17
EUR/KES	142.18	156.08	142.48	159.98
AED/KES	32.83	45.83	34.83	46.33

	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

The U.S. dollar edged higher in European trade Thursday, retaining recent strength ahead the release of more cues on U.S. interest rates in the form of producer inflation and retail sales data. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher at 102.490. The dollar received a boost earlier in the week after the release of 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. However, the index is still up around 1.5% this year as U.S. data has shown that the economy remains strong, and Tuesday's CPI release suggested inflation remains a major sticking point. The focus now turns towards the release of the producer price index for February, in particular, and retail sales for the same month for more clues as to the likely thinking by Fed officials ahead of next week's policy setting meeting.

On the other hand, EUR/USD edged 0.1% lower to 1.0942, with the lack of significant economic data in the eurozone contributing to a lack of volatility. GBP/USD traded 0.2% higher at 1.2816. USD/JPY traded 0.1% higher to 147.82, with the yen handing back some of the recent gains with the Bank of Japan set to meet next week. USD/CNY edged 0.1% higher to 7.1902. AUD/USD rose 0.1% to 0.6624.

In the commodities markets, Gold prices moved little in Asian trade on Friday as stronger-than-expected inflation data spurred more fears that the Federal Reserve will signal higher-for-longer interest rates at an upcoming meeting. Spot gold rose 0.1% to 2,163.98 an ounce, while gold futures expiring in April steadied at \$2,168.05 an ounce. Bullion prices, on the other hand, were pressured by a stronger dollar. The greenback rose to an over one-week high after strong inflation readings this week, while traders also positioned for an upcoming Fed meeting.

On the other hand, Oil prices fell slightly from four-month highs in Asian trade on Friday, seeing some profit-taking and pressure from the dollar as hotter-than-expected U.S. inflation data pushed up fears of a more hawkish Federal Reserve. Brent oil futures expiring in May fell 0.2% to \$85.26 a barrel, while West Texas Intermediate crude futures fell 0.2% to \$80.58 a barrel. The White House was also seen buying over 3 million barrels of oil to replenish the Strategic Petroleum Reserve. (Reuters).

Indicative Cross Rates

	Bid	Offer
	EUR/USD	1.0675
GBP/USD	1.2535	1.2940
USD/ZAR	16.7530	20.7615
USD/AED	3.6524	3.6930
USD/JPY	146.33	150.35

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