



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH MARCH 2024

DOMESTIC NEWS

Kenya's shilling was steady on Monday with dollar inflows and importer demand matching. Commercial banks quoted the shilling at 134.00/135.00 per dollar, the same as Friday's closing rate. (Reuters).

In the space of less than three months, Kenya's stock benchmark has swung from rock bottom to being the world's best performer. The Nairobi Securities Exchange All-Share Index has returned almost 30% for dollar investors this year, the most out of more than 90 benchmarks monitored by Bloomberg. That follows a loss of more than 40% in 2023. It's mostly down to the recovery in Kenya's shilling from an all-time low in January, which is supercharging returns in dollar terms while also spurring solid performances for the nation's banking stocks. The currency has strengthened 22% since Jan. 25 following a successful Eurobond issue and debt buyback that eased concerns about Kenya's balance-of-payments position. An injection of \$684.7 million from the International Monetary Fund also bolstered the nation's foreign reserves, while an unexpected rate increase last month helped to slow inflation. That's lured foreign investors back to the country's stocks, said Wesley Manambo, a senior associate for research at Nairobi-based Standard Investment Bank Ltd. (Bloomberg).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	129.00	139.00	129.00	139.00
GBP/KES	166.36	179.36	165.56	180.26
EUR/KES	140.71	154.61	141.01	157.51
AED/KES	32.48	45.48	34.48	45.98

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 lower in European trade Monday, handing back some of the previous week's gains ahead of the upcoming Federal Reserve policy-setting meeting. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower at 103.035, after gaining around 0.5% last week, its first weekly gain in four. The U.S. currency has started the new week on a slightly negative note, but remains near two-week highs after strong U.S. inflation readings from last week put traders on guard over any hawkish sentiments from the Fed, with the U.S. central bank holding a two-day policy-setting meeting this week, concluding on Wednesday. The focus on Wednesday will be on whether Fed policymakers change their projections of rate cuts, or dot plots, for the year.

On the other hand, EUR/USD edged 0.1% higher to 1.0899, after eurozone consumer prices were confirmed falling nearer to the European Central Bank's 2% medium-term target in February. GBP/USD traded 0.1% lower at 1.2738, with the Bank of England widely expected to keep rates unchanged when it meets on Thursday. USD/JPY traded 0.1% higher to 149.22, amid volatile trading ahead of the upcoming Bank of Japan meeting. USD/CNY edged 0.1% higher to 7.1982.

In the commodities markets, Gold prices fell slightly in Asian trade on Tuesday, but remained above key support levels as markets remained largely averse towards precious metals before a key Federal Reserve meeting this week. Spot gold fell 0.1% to \$2,158.26 an ounce, while gold futures expiring in April fell 0.1% to \$2,161.35 an ounce.

On the other hand, Oil prices dipped on Tuesday due in part to the prospect of rising supply from Russia, slower-than-expected downstream demand in sectors such as jet fuel, and cautious trading ahead of the Fed's decision on U.S. interest rates. The Brent crude oil futures contract for May delivery slipped 15 cents to \$86.74 a barrel as at 0433 GMT, while U.S. West Texas Intermediate (WTI) prices fell 14 cents to \$82.02. The WTI April contract, with expires tomorrow, fell 15 cents to \$82.57. Both benchmarks reached four-month highs in the previous session, buoyed by lower crude exports from Saudi Arabia and Iraq and signs of stronger demand and economic growth in China and the U.S. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0662	1.1063
GBP/USD	1.2502	1.2903
USD/ZAR	17.0127	21.0245
USD/AED	3.6520	3.6930
USD/JPY	148.38	152.41

For more details, contact our Treasury staff Mary, John & Joseph on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913351/52/54. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.