



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST MARCH 2024

DOMESTIC NEWS

Kenya's shilling was stable on Wednesday and was forecast to strengthen, helped by dollar inflows from tea exporters and diaspora remittances, traders said. Commercial banks quoted the shilling at 132.00/133.00 per dollar, unchanged from Tuesday's closing rate. The shilling's current level puts it close to a one-year high, having last bid at 132.00 per dollar on March 30, 2023, according to LSEG data. (Reuters).

The government spent more than half a trillion shillings to service debts in the first two months of this year, even as it remains with a larger burden of repaying more than Sh700 billion in the four months to June. Latest data from the National Treasury shows that in January and February, government spending on public debt was Sh560 billion. The Treasury, in the update on government revenues and exchequer issues for eight months starting July 2023 to end of February 2024, notes that total issues towards public debt service hit Sh1.157 trillion by end of February. This was a sharp jump from the Sh597 billion that the Controller of Budget (COB) reported as expenditure on public debt service, between July and end of December 2023. (Business Daily).

Indicative Forex Rates

| | Buy Cash | Sell Cash | Buy TT | Sell TT |
|---------|----------|-----------|--------|---------|
| USD/KES | 127.50 | 137.50 | 127.50 | 137.50 |
| GBP/KES | 165.47 | 178.47 | 164.67 | 179.37 |
| EUR/KES | 139.96 | 153.86 | 140.26 | 156.76 |
| AED/KES | 32.08 | 45.08 | 34.08 | 45.58 |

| 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 dollar weakened on Wednesday after the Federal Reserve held interest rates steady as expected and policymakers still projected three U.S. rate cuts this year even as inflation remains elevated. The dollar index, a measure of the U.S. currency against six major trading partners, eased 0.46%. The Fed's updated quarterly economic projections showed the personal consumption expenditures price index excluding food and energy rising at a 2.6% rate by year-end, compared to 2.4% in the projections the U.S. central bank issued in December.

On the other hand, GBP/USD traded 0.2% lower at 1.2696, after U.K. inflation prices fell by more than expected in February, the day before the Bank of England announces its latest monetary policy decision. EUR/USD traded 0.2% lower to 1.0845, with the euro trading near two-week lows amid growing expectation that the European Central Bank will soon agree to a series of interest rate cuts, starting in early summer. USD/JPY traded 0.6% higher to 151.75, climbing to its highest level since mid-November, even with Japan on holiday. USD/CNY edged higher to 7.1996, trading very close to the psychologically important 7.2 level.

In the commodities markets, gold prices hit a record high in Asian trade on Thursday, tracking a sharp drop in the dollar after the Federal Reserve kept interest rates steady and signaled that it was still considering rate cuts this year. Gold was a standout performer, notching new highs on the prospect of lower interest rates in the coming months. Spot gold rose as much as 1.2% to a record high of \$2,222.14 an ounce, while gold futures expiring in April surged more than 2% to a record high of \$2,224.80 an ounce. Both instruments trimmed some gains but were above the \$2,200 level. Gold and broader metal markets had seen some consolidation ahead of the Fed meeting.

On the other hand, Oil prices rebounded on Thursday as U.S. crude and gasoline stock drawdowns lent support despite signs that the U.S. Federal Reserve may keep interest rates higher for longer. Brent crude futures for May rose 55 cents, or 0.6%, to \$86.50 a barrel, after falling 1.6% on Wednesday. U.S. West Texas Intermediate futures for May climbed 47 cents, or 0.6%, to \$81.74 a barrel, after sliding about 1.8% in the previous session. (Reuters).

Indicative Cross Rates

| | Bid | Offer |
|---------|---------|---------|
| EUR/USD | 1.0734 | 1.1138 |
| GBP/USD | 1.2591 | 1.2998 |
| USD/ZAR | 16.6643 | 20.6761 |
| USD/AED | 3.6523 | 3.6925 |
| USD/JPY | 148.86 | 152.94 |

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