



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 26<sup>TH</sup> MARCH 2024

### DOMESTIC NEWS

The Kenyan shilling hit a new one-year high against the dollar on Monday. The shilling was trading at 131.50/132.50 to the dollar, compared to Friday's closing level of 132.00/133.00. (Reuters).

The Kenya Revenue Authority (KRA) is likely to miss the tax collections target for this financial year by Sh330 billion, the Parliamentary Budget Office (PBO) has warned. PBO—the office that advises lawmakers on budget and economic affairs — attributed the anticipated miss to tax collections underperformance since July last year. In the period between July last year and last month, the KRA collected 55 percent of the Sh2.49 trillion target, setting up the taxman for a race against time to raise Sh1.12 trillion in the remaining four months. These collections were less than half (49 percent) of the original ordinary revenue target of Sh2.787 trillion that was set in the budget unveiled in June last year, the latest data by the Treasury shows. The revenue miss forecast by PBO will be an equivalent of 13.2 percent of the targeted Sh2.49 trillion for the financial year and will further squeeze the ability of the Kenya Kwanza government to fund key development projects, in turn hitting efforts to create jobs. (Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.00	137.00	127.00	137.00
GBP/KES	162.89	175.89	162.09	176.79
EUR/KES	138.21	152.11	138.51	155.01
AED/KES	31.94	44.94	33.94	45.44

	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 tread water on Tuesday, taking little cheer from a softer dollar as traders remained cautious ahead of more cues on U.S. inflation and the Federal Reserve this week. The dollar index and dollar index futures fell in Asian trade on Tuesday, extending overnight losses as the greenback saw some profit-taking after a melt-up to one-month highs. Still, traders remained heavily biased towards the dollar ahead of key inflation and Federal Reserve signals this week. PCE price index data- the Fed's preferred inflation gauge- is due on Friday and is widely expected to factor into the central bank's outlook on interest rates. Along with the PCE data, addresses by key Fed officials, including Chair Jerome Powell and FOMC member Mary Daly are also on tap this week. Federal Reserve Chair Jerome Powell said last week that the U.S. central bank remains on track for rate cuts this year, despite stickier than expected inflation in January and February. Some Fed officials including Atlanta Fed President Raphael Bostic, however, have expressed concern about persistent inflation and stronger-than-anticipated economic data.

On the other hand, EURUSD 0.27% to \$1.0834. GBPUSD strengthened 0.29% to \$1.2635. USDJPY pair hovering around 151.36. The pair remained close to its highest level in four months. AUDUSD pair rose 0.1%, while the South Korean won's USDKRW rose 0.1%. USDCNY pair rising 0.1% to 7.2178- its highest level since mid-November.

In the commodities markets, Gold prices fell slightly in Asian trade on Tuesday as anticipation of key signals on U.S. inflation and the Federal Reserve dissuaded big trades, while recent strength in the dollar also weighed. Among industrial metals, copper prices saw sharp declines since Monday as traders locked-in profits from a rush to 11-month highs last week. Weakening sentiment towards top importer China also weighed. Spot gold steadied at \$2,171.90 an ounce, while gold futures expiring in April fell 0.2% to \$2,172.45 an ounce

On the other hand, Oil prices were on track to gain for a second straight day on Tuesday after settling up more than a dollar on expectations of tighter supply driven by Russian production cuts and attacks on Russian refineries. Brent crude rose 23 cents to \$86.98 a barrel by 0118 GMT. U.S. crude futures climbed 28 cents to \$82.23. Crude oil gained on supply side issues and continued Middle East tensions, according to a note from ANZ analysts. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0648	1.1052
GBP/USD	1.2452	1.2853
USD/ZAR	16.8680	20.8767
USD/AED	3.6522	3.6924
USD/JPY	149.32	153.36

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.