



DIB Bank Kenya

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TREASURY MARKET UPDATE 03RD APRIL 2024

DOMESTIC NEWS

Kenya's shilling was little changed on Tuesday; however, it is expected to gain ground in the days ahead due to dollar inflows from the agriculture sector. Commercial banks quoted the shilling at 131.00/132.00 to the U.S. dollar, compared with Thursday's closing rate of 131.25/132.25. (Reuters).

The Central Bank of Kenya (CBK) is widely expected to hold interest rates at its monetary policy committee meeting today on reduced inflationary and foreign exchange rate pressures. On February 6, the CBK raised the benchmark Central Bank Rate (CBR) to 13 percent from 12.5 percent, a successive increase aimed at setting inflation on a firm downward path and easing pressure on the exchange rate. Since that meeting, the apex bank has marked twin wins from the deceleration in inflation, which is now trending towards the desired midpoint of five percent, and a rally of the Kenyan shilling against major world currencies. Headline inflation for instance eased to 5.7 percent in March, the lowest consumer prices print in two years, as the price of key food commodities including wheat flour, fortified and sifted maize flour and cabbages declined from a year before. The deceleration offset a faster pick up in the prices of commodities under the transport and energy indexes in the same period. The overall inflation rate now sits closer to the mid-point of five percent aligning with CBK's mandate of maintaining growth in consumer prices beyond 2.5 percent but at no more than 7.5 percent. (Reuters).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	126.50	136.50	126.50	136.50
GBP/KES	161.41	174.41	160.61	175.31
EUR/KES	136.82	150.72	137.12	153.62
AED/KES	31.81	44.81	33.81	45.31

	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 hit its highest in almost five months on Tuesday. The dollar index rose to 105.1 on Tuesday, its highest level since Nov. 14, adding to Monday's sharp gains on Monday after U.S. data unexpectedly showed the first expansion in manufacturing since September 2022. The stronger-than-expected manufacturing PMI release prompted a sharp rise in U.S. yields, with the benchmark 10-year yield climbing all the way up to 4.40%, providing support for the dollar. Relatively strong U.S. data would condition a data-dependent Fed to be more cautious about cutting the policy rate, and caution would be also induced by the high inflation prints in January and February and the risk of negative supply shocks. This brings this week's speeches by Federal Reserve officials into focus as they could be a new catalyst for dollar gains, "as they may indicate that Powell's dovishness is not representative of the Fed's nineteen dots, nor the FOMC median — which is more hawkish," Macquarie said.

On the other hand, The EURUSD fell to its lowest since mid-February at the end of the Asian session but was last up at \$1.0763. GBPUSD ticked up from near its lowest since December to \$1.2569 after data showed its manufacturing sector brightened last month. USD/JPY traded 0.1% higher at 151.68. USD/CNY rose 0.1% to 7.2358.

In the commodities markets, Gold prices rose in Asian trade on Wednesday, remaining in sight of record highs amid increased safe haven demand after a devastating earthquake in Taiwan, while uncertainty over U.S. interest rates also boosted gold demand. Spot gold rose 0.3% to \$2,286.40 an ounce, remaining in sight of a record high of \$2,288.43 hit on Tuesday, while gold futures expiring in June rose 1.1% to \$2,306.25 an ounce and were just below lifetime highs of \$2,308.85 an ounce .

On the other hand, Oil prices rose slightly in Asian trade on Wednesday, sticking to five-month highs as signs of shrinking U.S. inventories and more potential supply disruptions in Russia presented a tighter outlook for global crude markets. Brent oil futures expiring in June rose 0.2% to \$89.13 a barrel, while West Texas Intermediate crude futures rose 0.2% to \$84.42 a barrel. Oil prices had risen earlier this week after Mexico said it will also cut its oil exports. Data from the American Petroleum Institute showed on Tuesday that U.S. crude inventories shrank nearly 2.3 million barrels in the week to March 28—more than expectations for a draw of 2 million barrels. (Reuters).

Indicative Cross Rates

	Bid	Offer
	EUR/USD	1.0574
GBP/USD	1.2376	1.2782
USD/ZAR	16.7765	20.7849
USD/AED	3.6520	3.6930
USD/JPY	149.60	153.61

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