



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 08TH APRIL 2024

DOMESTIC NEWS

Kenya's shilling strengthened to a near 13-month high on Friday. Commercial banks quoted the shilling at 129.25/130.25 per dollar, compared with Thursday's closing rate of 129.50/130.50.

Commitment fees Kenya paid on untapped external loans hit Sh833.85 million in the six months to December 2023 driven by a weak shilling. This places the cost of commitment fees in the financial year 2023/24 on course to surpass the Sh1.35 billion that was paid for the same in the entire 2022/23. It is also more than the Sh680.3 million the government paid on the undisbursed loans in the corresponding period in the previous financial year. The commitment fee is paid to compensate the lender for their commitment to lend. The fee is charged because the lender has set aside funds for the loan but cannot yet charge interest pending drawdown. The fee is typically associated with unused credit lines or undisbursed loans and forms part of the country's external debt and is, therefore, heavily affected by a depreciation of the local currency. Controller of Budget Margaret Nyakang'o, in her report to Parliament regarding the implementation of this year's budget, shows external debt servicing amounted to Sh238.08 billion during the six months to December. (Reuters).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	125.00	135.00	125.00	135.00
GBP/KES	160.24	173.24	159.44	174.14
EUR/KES	135.97	149.87	136.27	152.77
AED/KES	31.40	44.40	33.40	44.90

	Amounts > 10 million		Amounts >100,000	
	KES	USD	KES	USD
2 Weeks	9.50%	1.50%	9.75%	2.50%
1 Month	9.75%	2.50%	10.00%	3.25%
3 Months	10.00%	3.25%	10.25%	3.50%
6 Months	10.25%	3.50%	10.50%	4.25%
1 year	10.50%	4.25%		



USD movement from Jan 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The dollar was firm but sluggish in Asian trading on Monday as investors looked ahead to U.S. inflation data after the big payrolls number last week, and as Treasury yields reached for December highs. U.S. consumer price inflation for March on Wednesday and a European Central Bank (ECB) policy meeting on Thursday will be the main economic markers for the big global currencies this week. Those follow a week of vacillation as traders watched Japanese authorities talk their currency higher, and as U.S. services, the closely watched employment report on Friday and a bunch of Federal Reserve speakers sent mixed signals on rates. In the United States, a tight job market and limited progress on inflation in the last couple of months have amplified calls among top officials, including Fed Chair Jerome Powell, to be "patient" as they approach the decision on when to cut rates.

On the other hand, In Europe, EURUSD was flat at \$1.0834, while sterling was last trading at \$1.2631, down 0.08% on the day. USDJPY weakened 0.11% to 151.79 per dollar. GBP/USD pair manages to hold above the 1.2600 level at the start of the week on Monday.

In the commodities markets, Oil prices slid more than \$1 a barrel on Monday, with Brent falling below \$90, as Middle East tensions eased after Israel withdrew more soldiers from southern Gaza and committed to fresh talks on a potential ceasefire in the six-month conflict. Brent crude futures dropped \$1.42, or 1.6%, to \$89.75 a barrel. Israel and Hamas sent teams to Egypt for fresh talks on a potential ceasefire ahead of the Eid holidays, easing tensions in the Middle East that drove up oil prices by more than 4% last week on concerns of supply disruption.

On the other hand, Gold prices surged to record highs in Asian trade on Monday, shrugging off easing bets on U.S. rate cuts as safe haven demand for the yellow metal remained buoyant ahead of more cues on the U.S. economy. A rally in gold persisted even as technical indicators showed the yellow metal was squarely in overbought territory- a scenario that usually indicates limited upside potential. But spot gold jumped as much as 0.7% on Monday to a record high of \$2,353.81 an ounce, while gold futures expiring in June rose 0.8% to a record high of \$2,372.45 an ounce.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0632	1.1035
GBP/USD	1.2429	1.2835
USD/ZAR	16.6812	20.6849
USD/AED	3.6522	3.6929
USD/JPY	149.81	153.86

For more details, contact our Treasury staff Mary, John, Alice & Joseph on Tel +254 20 5131311, DL +254 20 513 1354/55/51/52, Cell +254 709913351/52/54/55. 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.