



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 09<sup>TH</sup> APRIL 2024

### DOMESTIC NEWS

Kenya's shilling held steady on Monday. Commercial banks quoted the shilling at 129.50/130.50 per dollar, the same as Friday closing rate.

The Central Bank of Kenya (CBK) has projected a rebound in imports this year, as the exchange rate and dollar availability mark a significant improvement from last year. A jump in imports is expected to put the local currency under renewed pressure, especially if exports and remittances don't expand substantially. The apex bank sees 11 percent growth in imports in 2024 following last year's fall in the orders of goods and services from abroad, which came against a sharp depreciation in the Kenyan Shilling and difficulties in accessing hard currency by traders and other importers. According to CBK estimates, total imports on a free-on-board basis are expected to rise to Sh2.48 trillion (\$19 billion) in 2024, in contrast to Sh2.2 trillion (\$17.1 billion) last year which was a 10.6 per cent drop from Sh2.49 trillion (\$19.1 billion) in 2022. "Just like exports, there has been an improvement in imports. We do expect the import of goods to increase by 11 per cent for the year," CBK Governor Kamau Thugge said last week. The 2023 decline in imports was reflected by lower orders across all categories except for food and crude materials. (Reuters).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	125.00	135.00	125.00	135.00
GBP/KES	160.54	173.54	159.74	174.44
EUR/KES	136.24	150.14	136.54	153.04
AED/KES	31.40	44.40	33.40	44.90

	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 will likely continue flexing its muscles against its rivals as the recent explosive jump in Treasury yields could keep going as Federal Reserve speakers are poised to reiterate the need for the Fed to remain cautious on cutting rates too early. If the pattern of last week continues, the Fed speakers slated for this week "will sound hawkish, as they try to put daylight between themselves and Jay Powell's 'dovish' tone from March 20," Macquarie said in a note, adding that there is room for the dollar to strengthen alongside the rise in US yields heading into the consumer inflation report on Wednesday. Fed speakers could point to the cost of an 'early cut,' Macquarie said, though may also point to the possibility that the Fed's estimates of the US's neutral rate may need to rise further. The US Dollar Index (DXY) is currently trading at a modest loss at the 104.15 level. Mild market fluctuations for the USD continue to make waves as the Federal Reserve's (Fed) cautious stance is calibrated in light of incoming data.

On the other hand, EURUSD was last up 0.2% at \$1.089, while GBPUSD last changed hands at \$1.2660, up 0.2%. USDJPY firmed 0.1% to 151.76, within striking distance of the 34-year peak hit in late March. USD-INR pair is expected to remain in a range between 82 and 84 for FY 2025.

In the commodities markets, Gold prices rose slightly in Asian trade on Tuesday, remaining in sight of record highs as safe haven demand for the yellow metal remained upbeat in anticipation of more cues on U.S. inflation and interest rates. Spot gold rose 0.2% to \$2,344.31 an ounce, while gold futures expiring in June rose 0.5% to \$2,363.0 an ounce. Spot gold hit a record high of \$2,354.09 an ounce on Monday. Markets were now focused squarely on consumer price index inflation data for March, which is due on Wednesday.

On the other hand, Oil prices rose on Tuesday after hopes diminished that negotiations between Israel and Hamas would lead to a ceasefire in Gaza and ease tension in the Middle East. Brent crude futures rose 28 cents to \$90.66 a barrel by 0330 GMT. U.S. West Texas Intermediate (WTI) crude was 21 cents higher at \$86.64. A fresh round of Israel-Hamas ceasefire discussions in Cairo had ended a multi-session rally on Monday, leading Brent to its first decline in five sessions and WTI to its first in seven on the prospect that geopolitical risks could ease. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0655	1.1060
GBP/USD	1.2454	1.2858
USD/ZAR	16.6255	20.6313
USD/AED	3.6517	3.6927
USD/JPY	149.88	153.88