



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH APRIL 2024

DOMESTIC NEWS

Kenya's shilling was flat against the dollar on Thursday. Commercial banks quoted the shilling at 129.50/130.50 per dollar, the same as Tuesday's closing rate. The market was closed on Wednesday for a public holiday.(Reuters)

The World Bank Group has warned Kenya of the persistence of a high risk of debt distress following its recent costly partial Eurobond settlement. Kenya paid dearly to water down the sovereign default risk attached to the maturity of its debut Sh260.4 billion (\$2 billion) Eurobond as it issued new notes worth Sh195.3 billion (\$1.5 billion) at an interest rate cost of 9.75 percent in February. The return paid out to investors of the new Eurobond notes stands at a premium when contrasted to the 6.875 percent coupon on the sovereign bond maturing on June 24. The balance of \$500 million is expected to be paid on the maturity date. "External borrowing is more expensive than it was prior to the pandemic despite sovereign spreads gradually declining from their peak in May 2023. For instance, the coupon of the new Eurobond issued by Kenya this February is 9.75 percent, compared to the 6.875 percent of the Eurobond maturing in 2024," the World Bank noted. Kenya is expected to incur about Sh1.1 billion more annually in debt service costs to the new Eurobond as total interest costs stand at Sh19 billion (\$146.2 million) per year in contrast to Sh17.9 billion (\$137.5 billion) annually for the initial notes.(Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	125.00	135.00	125.00	135.00
GBP/KES	159.08	172.08	158.28	172.98
EUR/KES	134.42	148.32	134.72	151.22
AED/KES	31.40	44.40	33.40	44.90

	Amounts > 10 million KES	Amounts >100,000 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 rose moderately on Thursday in choppy trading, as weaker-than-expected March U.S. producer prices did not relieve concerns about persistent inflation which has reinforced the belief that the Federal Reserve will delay cutting interest rates this year. Fed officials who spoke on Thursday also repeated the need for a patient approach in easing monetary policy, boosting the dollar. Thursday's data showed the producer price index (PPI) rose 0.2% month-on-month in March, compared with an 0.3% increase expected by economists polled by Reuters. On a year-on-year basis, it rose 2.1%, versus an estimated 2.2% gain. The U.S. currency fell after the PPI news but has rebounded. A separate report showed 211,000 U.S. initial jobless claims for the week ended April 6, compared with a forecast for 215,000, reflecting persistent labor market tightness. The dollar barely responded as investors focused on inflation. The PPI report followed a stronger-than-expected consumer prices index (CPI) released on Wednesday. The U.S. CPI rose 0.4% monthly in March, compared with expectations for a 0.3% increase. The dollar index, a measure of the greenback's value against six major currencies, was up 0.1% at 105.26 (=USD).

On the other hand, EURUSD was last down 0.1% at \$1.07026. Earlier, it fell to a two-month low of \$1.0699 after the European Central Bank held interest rates at a record high of 4% as expected but sent a signal it was preparing for a cut. USDJPY steadied around 152.86 after surging past 153 in overnight trade. GBP/USD remains on the backfoot near 1.2550 during the early Asian session on Friday.

In the commodities markets, Oil prices rose in early trade on Friday on heightened tensions in the Middle East, where Iran has promised to retaliate for a suspected Israeli air strike on its embassy in Syria, which could risk disruptions to supply from the oil producing region. Brent crude futures climbed 34 cents, or 0.38%, to \$90.08 a barrel, while U.S. West Texas Intermediate crude futures rose 44 cents, or 0.51%, to \$85.45.

On the other hand, gold prices rebounded in Asian trade on Thursday after hotter-than-expected U.S. inflation data dragged the yellow metal sharply off record highs, although safe haven demand and central bank buying kept prices close to recent peaks. Spot gold rose 0.5% to \$2,345.31 an ounce, while gold futures expiring in June rose 0.6% to \$2,362.10 an ounce. US rate fears present some headwinds to gold prices. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0513	1.0918
GBP/USD	1.2341	1.2748
USD/ZAR	16.7582	20.7670
USD/AED	3.6519	3.6925
USD/JPY	151.22	155.22

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