



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH APRIL 2024

DOMESTIC NEWS

The Kenyan shilling eased against the dollar on Tuesday on pent-up foreign-currency demand from manufacturers. Commercial banks quoted the shilling at 131.00/132.00 per dollar, compared with Monday's close of 130.00/131.00. The shilling is one of the best-performing currencies in the world this year, in a rally fueled partly by the government resolving a large Eurobond repayment due in June which had spooked investors. (Reuters)

Electricity customers, who will now get up to a 13.7% reduction in the cost of power in April power bills, in what is attributed to a stronger Kenya Shilling and a reduction in the cost of fuel that is used to generate electricity. Customers under the Domestic Customer 2 (DC2) tariff (averaging 31-100 units per month) who consume 60 units will pay KSh 1,574 in April 2024 compared to KSh 1,773 in March 2024 representing a 11.2% reduction. Those in DC3 tariff band (averaging more than 100 units per month) who use 120 units per month will pay KSh 3,728 in April 2024 compared to KSh 4,127 in March, a 9.7% reduction. Fuel cost charge and foreign exchange fluctuation adjustment, which comprise the key variable components of the electricity bill, reduced by 37.3% between March 2024 and April 2024, across all customer categories. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	126.50	136.50	126.50	136.50
GBP/KES	159.30	172.30	158.50	173.20
EUR/KES	134.69	148.59	134.99	151.49
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 Feb 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

Most Asian currencies kept to a tight range on Wednesday, while the dollar steadied near five-month peaks after strong U.S. economic data and warnings from the Federal Reserve saw traders largely price out bets on early interest rate cuts. Most regional currencies were nursing steep losses in recent sessions following hotter-than-expected readings on U.S. inflation and retail sales, which showed that inflation remained sticky in recent months- a scenario that gives the Fed little impetus to begin cutting interest rates. This notion was furthered by Chair Jerome Powell on Wednesday, which underpinned the dollar and Treasury yields and pressured Asian markets. Dollar strong as Powell says little confidence to cut rates. The dollar index and dollar index futures steadied near their highest levels since early-November, after seeing a strong rally over the past week. Traders were also largely biased towards the dollar as worsening geopolitical tensions in the Middle East drove safe haven demand.

On the other hand, GBP/USD gained traction and rose toward 1.2450 in the European morning on Wednesday. The UK's ONS reported that the annual inflation edged lower to 3.2% in March. EURUSD gained 0.08% to \$1.0631 after dropping as low as \$1.06013 in the wake of Powell's comments, the weakest since Nov. 2. The USDJPY pair remains at 34-year highs, well above the 154 level.

In the commodities markets, Gold prices fell slightly in Asian trade on Wednesday as hawkish-leaning comments from top Federal Reserve officials buoyed the dollar and Treasury yields, which pressured the yellow metal. Gold prices raced to record highs last week as Iran launched a strike against Israel, with markets now watching for a response from Jerusalem, which some reports said was imminent. Gold prices pressured as Powell touts higher-for-longer rates.

On the other hand, Oil prices extended losses in early trade on Wednesday as worries about global demand due to weak economic momentum in China and a likely rise in U.S. commercial stockpiles outweighed supply fears from heightened tensions in the Middle East. Brent futures for June slipped 56 cents, or 0.62%, to \$89.46 a barrel by 0337 GMT, while U.S. crude futures for May fell 63 cents, or 0.74%, to \$84.73 a barrel. Oil prices have softened so far this week as economic headwinds pressured investor sentiment, curbing gains from geopolitical tensions, with eyes on how Israel might respond to Iran's attack over the weekend. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0425	1.0828
GBP/USD	1.2264	1.2668
USD/ZAR	17.0479	21.0550
USD/AED	3.6523	3.6926
USD/JPY	152.52	156.54

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.