



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 18<sup>TH</sup> APRIL 2024

### DOMESTIC NEWS

The Kenyan shilling weakened on Wednesday on dollar demand from fuel importers and manufacturers, traders said. Commercial banks quoted the shilling at 132.00/133.00 per dollar, compared to Tuesday's closing level of 131.00/132.00. The shilling - one of the best performing currencies in the world in 2024 - is up about 19% against the dollar since the start of the year, LSEG data shows. (Reuters)

KenGen and other hydropower producers increased the generation of cheaper electricity to the highest level in 26 months in March, even as dams across the country started to overflow on heavy rains. Data from the Energy and Petroleum Regulatory Authority shows hydropower generation jumped by 11.3 percent to 290.48 million kilowatt-hours (kWh) in March, up from 260.88 million units in February. It is the highest quantity of production since January 2022 when generation hit 320.3 million units, handing consumers cheaper prices. As hydro is the cheapest source of electricity in Kenya, an increase in output from the more than a dozen power stations helps displace a significant chunk of expensive thermal power from the grid. Heavy rains that have been pounding the country in recent months have filled dams, and the Interior Ministry on Wednesday warned of possible spillovers. (Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.50	137.50	127.50	137.50
GBP/KES	161.21	174.21	160.41	175.11
EUR/KES	136.58	150.48	136.88	153.38
AED/KES	32.08	45.08	34.08	45.58

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 crept higher on Thursday, seeing some breathing room as the dollar retreated from an over five-month peak, although fears of higher-for-longer U.S. interest rates remained at the fore. Regional currencies were nursing steep losses in recent sessions, as strong U.S. economic data and hawkish signals from the Federal Reserve sparked a rally in the dollar and Treasury yields. But the greenback saw some profit-taking on Wednesday, while sentiment improved marginally amid a lack of immediate escalation in Iran-Israel tensions. Dollar falls from 5-½ month high. The dollar index and dollar index futures both fell slightly in Asian trade, extending overnight declines as markets locked-in some recent profits in the greenback.

On the other hand, In Europe, GBP/USD climbed 0.4% higher to 1.2470, after official data showed that the U.K. inflation rate slowed by less than expected in March, adding to signs that a first interest rate cut by the Bank of England could take some time. EUR/USD rose 0.3% to 1.0646, with the euro bouncing from its five-and-half-month low. European Central Bank policymakers have continued to make the case for an interest rate cut in June as inflation remains on course to ease back to 2% by next year.

In the commodities markets, gold prices recovered from overnight losses in Asian trade on Thursday and remained below recent peaks as fears of higher-for-longer interest rates and pressure from a strong dollar remained in play. The yellow metal had surged to record highs last week as haven demand ramped up after Iran launched a strike against Israel. But fears of a greater conflict cooled slightly this week as Israel did not retaliate immediately over the strike. The prospect of higher-for-longer interest rates saw gold take little advantage of this weakness. Spot gold rose 0.6% to \$2,374.31 an ounce, while gold futures expiring in June rose slightly to \$2,389.05 an ounce. Spot prices tumbled 0.9% on Wednesday, seeing some profit taking after surging to record highs of over \$2,340 an ounce last week.

On the other hand, Oil prices were little changed after a 3% drop in the previous session as the market remains concerned about demand this year and on signs that a wider conflict in the key Middle East producing region could be avoided. Brent futures were up 29 cents, or 0.3%, at \$87.58 a barrel, while U.S. West Texas Intermediate (WTI) crude futures traded 20 cents higher, or 0.2%, at \$82.89 a barrel. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0484	1.0888
GBP/USD	1.2274	1.2677
USD/ZAR	16.9549	20.9656
USD/AED	3.6523	3.6933
USD/JPY	152.13	156.19

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.