



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 22ND APRIL 2024

DOMESTIC NEWS

The Kenyan shilling was marginally weaker against the U.S. dollar on Friday. The shilling was quoted at 133.00/134.00 per dollar, compared to Thursday's close of 132.75/133.75. The local currency is up nearly 18% against the dollar since the start of the year. (Reuters)

A resurgent US dollar amidst heightened geopolitical risks and fading hopes of multiple interest rate cuts by the US Federal Reserve have reversed a major rally of the Kenya shilling in what has seen the local unit begin to weaken. Data from the Central Bank of Kenya (CBK) shows that one dollar was exchanging for 131.44 shillings by end of last week, representing a fifth straight day of weakening for the local unit since April 11 when the official exchange rate stood at Sh130.35, having aggressively gained from a record low of 161.36 at the end of January. "The Kenya shilling is not necessarily losing ground but rather, the US dollar has been gaining ground against all major world currencies. The depreciation is a factor of dollar strengthening and the shilling is performing just as well," Standard Investment Bank Senior Research Associate Stellar Swakei told this publication. A weaker shilling returns the prospect of costlier debt and expensive imports on the table as more shillings are demanded for goods and services of the same US dollar value. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	128.50	138.50	128.50	138.50
GBP/KES	161.36	174.36	160.56	175.26
EUR/KES	137.48	151.38	137.78	154.28
AED/KES	32.35	45.35	34.35	45.85

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 moved in a flat-to-low range on Monday and were nursing steep losses from the past week as concerns over higher-for-longer interest rates kept traders largely biased towards the dollar. Still, easing fears over a bigger conflict in the Middle East offered regional currencies some relief, as risk appetite improved. But most regional units still retained a bulk of their losses from over the past week, as traders steadily priced out expectations that the Federal Reserve will cut interest rates by as soon as June. Dollar steady, more rate cues awaited this week. The dollar index and dollar index futures both fell slightly in Asian trade on Monday but remained close to over five-month highs hit earlier in April. Waning bets on a June rate cut boosted the dollar, especially after strong U.S. inflation readings and hawkish commentary from top Fed officials. More cues on the U.S. economy are also due this week, with purchasing managers index data for April set to offer more insight into business activity.

On the other hand, EUR/USD rose 0.1% to 1.0648, after German producer prices fell less than expected in March, decreasing by 2.9% on the year, compared with a forecast 3.2% decline. GBP/USD climbed 0.1% higher to 1.2445, trading just above five-month lows despite British retail sales stagnating in March. USD/JPY traded 0.1% lower at 154.47, with the safe-haven yen boosted by the elevated tensions in the Middle East. USD/CNY edged 0.1% higher to 7.2417, with the yuan near five-month highs amid uncertainty over the Chinese economy.

In the commodities markets, Gold prices fell in Asian trade on Monday as waning concerns over a bigger war in the Middle East sapped safe haven demand for the yellow metal, while bets on higher-for-longer U.S. interest rates also pressured prices. Spot gold fell 0.9% to \$2,370.45 an ounce, while gold futures expiring in June fell 1.2% to \$2,384.05 an ounce. Gold demand eases as Iran-Israel fears wane.

On the other hand, Oil prices fell on Monday, dragged down by a renewed focus on market fundamentals as Israel and Iran played down the risks of an escalation of hostilities in the Middle East after Israel's apparently small strike on Iran. Brent futures fell 67 cents, or 0.77%, to \$86.62 a barrel. The front-month U.S. West Texas Intermediate (WTI) crude contract for May, which expires on Monday, fell 63 cents, or 0.76%, to \$82.51 a barrel, while the more active June contract dropped 64 cents to \$81.58 a barrel.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0463	1.0867
GBP/USD	1.2181	1.2585
USD/ZAR	17.0966	21.1053
USD/AED	3.6522	3.6933
USD/JPY	152.72	156.75

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.