



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH APRIL 2024

DOMESTIC NEWS

The Kenyan shilling slipped against the U.S. dollar on Wednesday, as manufacturers sought foreign currency to pay for imports after holding back during a two-month shilling rally. The shilling was quoted at 134.00/135.00 per dollar, compared to Tuesday's close of 133.50/134.50. (Reuters)

Kenya's debt service costs have now overtaken its combined spending on recurrent and development projects due to the heavy maturing debts, underlining the nightmare that debt expenditure has become for the country. An analysis of data from the Treasury shows that in the nine months between July 2023 and March, the government used Sh1.24 trillion to service debt compared to Sh1.11 trillion spent on salaries and executing development projects. The high cost of debt service is a result of maturing obligations both externally and internally with the full year spend expected to hit a record Sh1.86 trillion end of June. The Treasury revised the budget upwards by Sh240.7 billion in the supplementary budget from the initial Sh1.62 trillion with 35 percent (Sh646 billion) going to internal interest. The spending on debt repayment is nearly half of the projected Sh3.8 trillion national government budget for the full financial year. This means that debt service is leaving very little resources for other critical expenditures as well as pushing the country deeper into more debt to run the economy. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	130.00	140.00	130.00	140.00
GBP/KES	164.33	177.33	163.53	178.23
EUR/KES	139.66	153.56	139.96	156.46
AED/KES	32.76	45.76	34.76	46.26

	Amounts > 10 million	Amounts >100,000
	KES	USD
2 Weeks	9.75%	1.50%
1 Month	10.00%	2.50%
3 Months	10.25%	3.25%
6 Months	10.50%	3.50%
1 year	10.75%	4.25%



USD movement from Feb 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The dollar inched higher Wednesday and will remain the king of the currency playground until U.S. "economic exceptionalism" cools, paving the way for the Federal Reserve to lay out a clearer map for rate cuts. US Dollar Index Futures rose 0.15% to 105.66. The Fed remains "far and away more hawkish sounding than the ECB, BoE, BoC, and RBA," Macquarie says, noting that the PCE price index on Friday and U.S. GDP on Thursday will be closely watched. The bump in the road for the dollar, however, could come only after the summer, Macquarie, though cautions that a various factors will need to come together including a further slowing inflation, slowing euro-area growth and easing geopolitical turmoil. The dollar index, which measures the currency's value against six major peers led by the euro, was last up 0.2% at 105.84. Earlier, the index hit 105.59, a roughly two-week low, after Tuesday's surprisingly robust European activity data and cooling U.S. business growth.

On the other hand, EURUSD was little changed at \$1.0697, following Tuesday's rally following data showing business activity in the euro zone expanded at its fastest pace in nearly a year. GBP/USD pair snaps the two-day winning streak near 1.2460 amid the modest rebound of the US Dollar on Thursday during the early Asian session.

In the commodities markets, Oil prices were little changed on Thursday as falling fuel demand in the U.S., the world's biggest oil user, amid signs of a slowing economy contended with concerns for a widening conflict in the key Middle East producing region. Brent crude futures edged up 9 cents to \$88.11 a barrel at 0420 GMT, after falling 0.5% in the previous session. U.S. West Texas Intermediate crude futures for June gained 7 cents to \$82.88 a barrel, following a 0.6% drop on Wednesday.

On the other hand, Gold prices fell in Asian trade on Thursday and were close to breaking below key levels as waning safe haven demand and the prospect of higher-for-longer U.S. interest rates battered the yellow metal. Bullion prices were nursing a sharp drop from record highs over the past week, as a potential conflict between Iran and Israel did not escalate as markets were fearing. This largely dented safe haven demand for the yellow metal. Spot gold fell 0.1% to \$2,313.62 an ounce, while gold futures expiring in June fell 0.6% to \$2,325.05 an ounce (Reuters).

Indicative Cross Rates

	Bid	Offer
	EUR/USD	1.0508
GBP/USD	1.2270	1.2674
USD/ZAR	17.2183	21.2279
USD/AED	3.6527	3.6930
USD/JPY	153.68	157.71

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