



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 02<sup>ND</sup> MAY 2024

### DOMESTIC NEWS

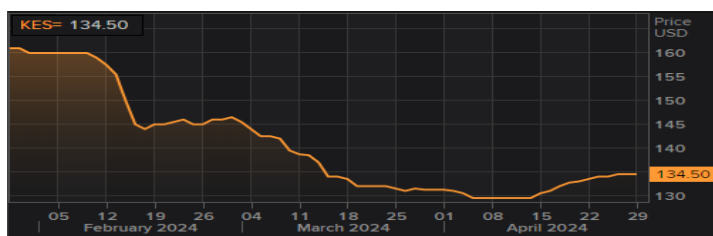
Kenya's shilling was steady on Tuesday, with dollar inflows from non-governmental organizations matching demand from the manufacturing sector. Commercial banks quoted the shilling at 134.50/135.50, unchanged from Monday's closing. (Reuters)

The Treasury has slashed the 2024/25 budget by Sh267.5 billion to reflect the reality of underperforming revenues amid a ballooning public debt. Total expenditure and net lending for the financial year starting on July 1 is now estimated at Sh3.92 trillion, down from a previous projection of Sh4.188 trillion. The lower budget estimates mirror expenditure cuts across the board. Day-to-day spending by the State or recurrent expenditure, including wages and salaries and interest payments and pension, is expected to fall by Sh77.6 billion to Sh2.781 trillion from a Sh2.859 trillion estimate earlier. Development spending is once again set to take the largest hit in the rationalization plans, as the expenditures are now estimated at Sh687.9 billion, down from Sh877.8 billion previously. In its budget summary for the 2024/25 financial year, the Treasury has mainly attributed the spending cuts to the drag created by the underperformance of domestic revenues. "Following the underperformance of revenues in the financial year 2023/24, the projected revenues in the approved 2024 budget policy statement (BPS) have been revised accordingly to reflect this reality on the baseline. (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	165.22	178.22	164.42	179.12
EUR/KES	139.83	153.73	140.13	156.63
AED/KES	32.76	45.76	34.76	46.26

	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 Thursday, taking little advantage of a drop in the dollar as the Federal Reserve said interest rates were unlikely to fall in the near-term, although they were also unlikely to rise. The dollar index fell 0.21% at 106.10, following the Fed statement, after earlier reaching 106.49, the highest since April 16. The Federal Reserve on Wednesday kept borrowing costs unchanged in a range of 5.25% to 5.50% after ending its April 30-May 1 gathering, just as expected. The decision to stand pat for the sixth straight meeting, taken unanimously, is part of the current strategy of allowing restrictive monetary policy to work through the financial conditions channel to ease demand in pursuit of lower consumer price growth. Focusing on the policy statement, the central bank maintained a constructive view of the economic outlook, acknowledging that activity has been expanding at a solid pace and that the unemployment rate remains low amid strong job creation.

On the other hand, the EURUSD was up 0.22% at \$1.0688. GBP/USD gains traction near 1.2535 during the early Thursday. USDJPY pair, which is inversely related to yen strength, surged 1% to over 156 on Thursday, after falling as low as 153 in overnight trade.

In the commodities markets, Gold prices steadied in Asian trade after rebounding back above a key support level on Thursday, although momentum in the yellow metal was stalled by persistent expectations of higher-for-longer U.S. interest rates. The yellow metal rebounded in overnight trade after the Federal Reserve quashed expectations for any further interest rate hikes- which pulled down the dollar and offered some relief to commodity prices. But the Fed still signaled it was in no hurry to begin cutting interest rates- a trend that is expected to limit any major upside in gold. Spot gold steadied at \$2,319.98 an ounce after sinking below \$2,300 earlier this week, while gold futures expiring in June hovered around \$2,329.0 an ounce

On the other hand, Oil prices rose on Thursday, rebounding from three days of losses, on expectations the lower levels may prompt the U.S., the world's biggest crude consumer, to start replenishing its strategic reserve, putting a floor under prices. Brent crude futures for July gained 48 cents, or 0.6%, to \$83.92 a barrel on Thursday. U.S. West Texas Intermediate (WTI) crude for June climbed 46 cents, or 0.6%, to \$79.46 a barrel.

(Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0516	1.0918
GBP/USD	1.2331	1.2738
USD/ZAR	16.5631	20.5664
USD/AED	3.6523	3.6933
USD/JPY	153.65	157.66

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