



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 03<sup>RD</sup> MAY 2024

### DOMESTIC NEWS

Kenya's shilling was steady on Thursday and the east African nation's currency was expected to weaken in coming days due to increased demand for dollars from the manufacturing sector. Commercial banks quoted the shilling at 134.50/135.50, the same as Tuesday's closing rate. Markets were closed on Wednesday for Labor Day celebrations. (Reuters)

The Treasury has allocated Sh4.18 billion in the new fiscal year starting July for the construction of an electricity dispatch hub to be managed by the Kenya Electricity Transmission Company (Ketraco). The National System Control Centre (NSCC) is located on Juja Road in Nairobi under Kenya Power until January 2022, when the Energy and Petroleum Regulatory Authority (Epra) stripped it of its role. A system operator controls the mix of electricity from different producers supplied to the national grid to primarily ensure stability and that consumers get the cheapest available power. The operator also matches the demand for power from consumers with electrical energy availability, maintaining the security of the electric power system, and arranging for the dispatch process. Ketraco is currently building a new control centre on Mombasa Road. Managing director John Mativo said on Thursday that the firm is negotiating contracts for the construction of the NSCC. (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	165.43	178.43	164.63	179.33
EUR/KES	140.01	153.91	140.31	156.81
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

The U.S. dollar stabilized Thursday after a sharp overnight drop in the wake of Fed Chair Jerome Powell ruling out any rate hikes, while the Japanese yen was volatile amid intervention talk. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher at 105.645, after falling 0.6% overnight. The Federal Reserve kept interest rates unchanged at the conclusion of its latest policy-setting meeting on Wednesday, as widely expected, with Fed Chair Jerome Powell acknowledging that fighting inflation was taking longer than expected. However, he largely ruled out interest rate hikes this year, which surprised the dollar bulls given recent stronger-than-expected inflation data.

On the other hand, In Europe, EUR/USD traded 0.1% lower to 1.0699, after data showing that the eurozone's manufacturing sector remains in the doldrums. GBP/USD traded 0.1% lower to 1.2509, trading in a tight range, with the next economic data release of note being Friday's services PMI. In Asia, USD/JPY rose 0.5% to 155.26, with the pair making something of a recovery after it suddenly fell more than 3% on Wednesday from late Tuesday levels, prompting talk of more intervention by the Japanese authorities to support the yen.

In the commodities markets, gold prices moved little in Asian trade on Friday as markets remained averse to the yellow metal before key U.S. payrolls data, while the prospect of high for longer interest rates put gold on course for weekly losses. The yellow metal was nursing a sharp fall from record highs over the past two weeks, as safe haven demand dried up and pressure from U.S. interest rates came back into play. Spot gold steadied at \$2,302.72 an ounce, while gold futures expiring in June inched up slightly to \$2,311.45 an ounce. The yellow metal saw some price relief as the dollar tumbled in overnight trade. But this only served to limit recent losses in gold.

On the other hand, Oil prices rose slightly from near seven-week lows in Asian trade on Friday and were headed for steep losses this week as signs of robust U.S. stockpiles and production dashed hopes for tight crude markets in the coming months. Markets were also on edge before the release of key U.S. nonfarm payrolls data later in the day, which is likely to factor into the outlook for interest rates. Brent oil futures expiring in July rose 0.5% to \$84.06 a barrel, while West Texas Intermediate crude futures rose 0.5% to \$78.88 a barrel. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0534	1.0939
GBP/USD	1.2348	1.2756
USD/ZAR	16.5205	20.5481
USD/AED	3.6524	3.6934
USD/JPY	150.91	154.97

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