



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 07TH MAY 2024

DOMESTIC NEWS

Kenya's shilling gained slightly against the dollar on Monday, buoyed by a dip in hard currency demand from the fuel and manufacturing sectors. The shilling was trading at 133.75/134.75, compared to Friday's closing rate of 134.00/135.00 (Reuters)

The Treasury is seeking the approval of MPs to cut the budget for the fertilizer subsidy by 38.2 percent in the financial year 2024/25, even as the scandal over the sale of substandard subsidized fertilizer to farmers rages. In the latest budget estimates, the Treasury has allocated Sh10 billion to the programme in the new financial year starting in July. If approved, this will be a significant cut from the Sh16.2 billion that the Treasury last week asked Parliament to spend on subsidized fertilizer in the current financial year through the second supplementary budget. The exchequer had originally budgeted Sh12.2 billion for the supply of subsidized fertilizer in the budget passed in June 2023, but last week sought to raise this expenditure by Sh4 billion through the mini budget now before Parliament. If approved, Sh16.2 billion will be spent on the subsidy in the current fiscal year before being scaled down sharply to Sh10 billion in the next budget. Through the subsidy, registered farmers pay Sh2,500 for a 50-kilogramme bag of fertilizer, which is a sharp drop from market prices as high as Sh6,500. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	129.50	139.50	129.50	139.50
GBP/KES	164.65	177.65	163.85	178.55
EUR/KES	139.80	153.70	140.10	156.60
AED/KES	32.62	45.62	34.62	46.12

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 dollar fell against most currencies on Monday for a fourth straight session as recent labor market data and comments from Federal Reserve officials buoyed rate-cut hopes, but the greenback strengthened against the yen after last week's suspected interventions. The dollar index, which measures the greenback against a basket of major currencies, was on track for its longest streak of declines since early March. Friday's U.S. payrolls report showed the smallest jobs gain since October, easing concerns the Fed would have to keep interest rates higher for longer. Comments from Fed Chair Jerome Powell on Wednesday that rate increases remained unlikely were echoed by other Fed officials on Monday. New York Fed President John Williams said that "eventually" the central bank will cut interest rates, although he did not give a time frame. The dollar index fell 0.1% at 105.06, with the euro up 0.12% at \$1.0771.

On the other hand, GBPUSD strengthened 0.16% at \$1.2564 ahead of a Bank of England policy announcement on Thursday, when interest rates are expected to be held at 5.25%. EURUSD was steady at \$1.07655, and sterling eased 0.07% to \$1.2552. USDCNY pair rose 0.2%. USDJPY pair rising 0.4% and past the 154 level.

In the commodities markets, Gold prices fell slightly in Asian trade on Tuesday, having taken limited support from increased unrest in the Middle East, while focus also remained on potential interest rate cuts by the Federal Reserve. Gold rose on Monday after Israel launched a series of strikes against Rafah in Southern Gaza, a move that complicated ongoing ceasefire negotiations with Hamas. Reports also showed that ceasefire talks between Israel and Hamas yielded little progress. Spot gold fell 0.1% to \$2,322.65 an ounce, while gold futures expiring in June steadied at \$2,330.95 an ounce. Gold sees some safe haven demand amid Israel-Hamas jitters. Little progress in ceasefire talks between the two also factored into some safe haven demand for gold.

On the other hand, Oil prices edged higher on Tuesday after Israel struck Rafah in Gaza, while negotiations for a ceasefire with Hamas continued without resolution. Brent crude futures were up 23 cents, or 0.28%, at \$83.56 per barrel, while U.S. West Texas Intermediate (WTI) crude futures rose 24 cents, or 0.31%, to \$78.72 a barrel. Market participants will be looking ahead to upcoming U.S. crude inventories data releases. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0559	1.0962
GBP/USD	1.2342	1.2747
USD/ZAR	16.5185	20.5291
USD/AED	3.6524	3.6931
USD/JPY	152.35	156.38

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