



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 08TH MAY 2024

DOMESTIC NEWS

Kenya's shilling gained against the dollar on Tuesday, supported by inflows of hard currency from remittances and agricultural exporters. Commercial banks quoted the shilling at 133.00/134.00, compared to Monday's closing rate of 133.75/134.75. (Reuters)

Kenyan businesses, led by the services sector, are optimistic about consistent growth for the next 12 months, the April Purchasing Managers Index (PMI). According to the index, firms expanded their inventories for the third consecutive month and outstanding business increased slightly for the third time in four months. Expectations towards output over the next 12 months continued to recover strongly from February's survey-record low, with overall sentiment the strongest since March 2023. Businesses also increased their workforces for the fourth consecutive month with the construction sector leading in hiring growth. "Levels of outstanding work among Kenyan firms ticked higher at the start of the second quarter. April and March marked the first back-to-back growth in eight months, although the rate of expansion remained weak. Outstanding contracts increased most in the construction sector," the survey notes. (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	162.71	175.71	161.91	176.61
EUR/KES	138.50	152.40	138.80	155.30
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

The U.S. dollar rose against most currencies on Tuesday, steadily gaining ground throughout the day as investors digested the latest comments from Federal Reserve officials about the possible path of interest rates. Minneapolis Federal Reserve President Neel Kashkari said at a Milken Institute conference that stalled inflation, kept higher in part by housing market strength means the central bank will need to hold borrowing costs steady for an "extended period," and possibly all year. Kashkari did, however, also say it is still possible the Fed could cut if inflation being to cool again. The dollar index gained 0.26% to 105.42, on track for its first consecutive daily gain in nearly a month, with the euro down 0.18% at \$1.0749. Following last week's Fed policy meeting and softer-than-expected U.S. jobs report, market expectations for two rate cuts this year have increased, with expectations for a cut of at least 25 basis points in September currently at 64.5%, according to CME's Fed Watch Tool.

On the other hand, GBPUSD weakened 0.46% to \$1.2503 ahead of the Bank of England's policy announcement on Thursday, where interest rates are expected to be kept unchanged. EUR/USD traded 0.1% lower to 1.0760USDAUD weakened 0.53% versus the greenback at \$0.6589 after falling as low as 0.6587 on the day.

In the commodities markets, Oil prices fell in early Asian trade on Wednesday as industry data showed a pile up in both crude and fuel inventories in the U.S., a sign of weak demand, and cautious supply expectations emerged ahead of an OPEC+ policy meeting next month. Brent crude oil futures fell 30 cents, or 0.36%, to \$82.86 a barrel by 0348 GMT. U.S. West Texas Intermediate crude futures fell 25 cents, or 0.32%, to \$78.13 a barrel. U.S. crude stocks rose by 509,000 barrels in the week ended May 3, market sources said citing American Petroleum Institute figures. Gasoline and distillate fuel inventories also rose, they said.

On the other hand, Gold prices rose marginally in Asian trade on Wednesday, seeing little support from safe haven demand as recent comments from Federal Reserve officials saw markets second-guess expectations for interest rate cuts. Spot gold rose 0.2% to \$2,317.70 an ounce, while gold futures expiring in June steadied at \$2,325.40 an ounce. Spot prices remained more than \$100 below a record high hit in late-April.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0542	1.0944
GBP/USD	1.2282	1.2688
USD/ZAR	16.5247	20.5300
USD/AED	3.6528	3.6931
USD/JPY	153.16	157.19

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.