

A subsidiary of Dubai Islamic Bank PJSC TREASURY MARKET UPDATE 09TH MAY 2024

DOMESTIC NEWS

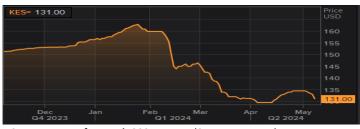
Kenya's shilling gained against the dollar on Wednesday, bolstered by market expectation that Kenya will secure a \$1 billion disbursement from the International Monetary Fund (IMF), and a lull in importers' forex demand. commercial banks quoted the shilling at 130.50/131.50, compared to Tuesday's closing rate of 132.00/133.00. (Reuters)

The UK has overtaken Saudi Arabia to become the fastest-growing source of diaspora dollar flows into Kenya among the top global markets for remittances on the back of easing inflation pressures, the latest official data shows. Kenyans working and living in the UK wired home nearly \$112.40 million (about Sh14.95 billion under current conversion rates) in the first three months of the year, according to data tracked by the Central Bank of Kenya, a jump of 42.57 percent over \$78.83 million (Sh10.48 billion) in the same period last year. The jump in remittances from Europe's second-largest economy outpaced Saudi Arabia, whose rise appears to be slowing this year after skyrocketing in the last two years. Inflows from Saudi Arabia grew by 14.29 percent in the first quarter of the year to \$101.36 million (Sh13.48 billion), a slower pace than 26.99 percent a year ago and 99.28 percent in 2022. The UK's 42.57 percent climb in the first quarter was the highest among the four largest sources of diaspora remittances—the US, the UK, Saudi Arabia, and Germany—which control about three-quarters of the cash sent back by Kenyans abroad on average. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	126.50	136.50	126.50	136.50
GBP/KES	160.28	173.28	159.48	174.18
EUR/KES	136.41	150.31	136.71	153.21
AED/KES	31.80	44.80	33.80	45.30

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 gained on Wednesday as investors continued to bet on the U.S. economy. The U.S. dollar edged higher Wednesday, bouncing from recent weakness with a number of Fed officials set to speak. Investors are focused on the pace and timing of Fed rate cuts. The latest data showing weaker-than-expected U.S. jobs creation, together with an easing bias from the U.S. central bank, have cemented expectations that rates will likely be lower by year-end. The dollar was last up 0.1% at 105.53 against a basket of currencies, above last week's one-month low. While traders are pricing in an expected Fed rate cut in September, that move will also depend on whether inflation continues to ease back closer to the U.S. central bank's 2% target. The path of U.S. interest rates continues to dominate the market's attention, and with no top tier U.S. economic data due this week the opinions of policymakers take on added importance.

On the other hand, the EURUSD was down 0.02% at \$1.075. The European Central Bank has signaled a rate cut in June, but there remains a great deal of uncertainty over what happens with monetary policy after this. GBP/USD traded 0.3% lower to 1.2473, ahead of Thursday's meeting of the Bank of England. USD/JPY rose 0.4% to 155.35. AUD/USD fell 0.4% to 0.6568.

In the commodities markets, Gold prices moved little in Asian trade, hovering well below recent record highs as investors remained largely biased towards the dollar before more cues on the Federal Reserve and inflation. Spot gold rose 0.2% to \$2,313.51 an ounce, while gold futures expiring in June fell 0.1% to \$2,320.60 an ounce. Gold prices muted with more Fed speakers, CPI data on tap. Beyond that, key consumer price index data for April is due next week and is likely to offer up definitive signals on the path of interest rates. Other precious metals advanced on Thursday but were still trading well below recent peaks. Platinum futures rose 0.7%, while silver futures added 0.5%.

On the other hand, Oil prices rose in Asian trade on Thursday following somewhat mixed trade data from China, while markets continued to watch for any potential signs of de-escalation in the Middle East. Brent oil futures expiring in July rose 0.4% to \$83.93 a barrel, while West Texas Intermediate crude futures rose 0.5% to \$78.96 a barrel. Prices had risen slightly on Wednesday after data showed a draw in overall crude inventories. But a build in gasoline and distillate inventories offset the overall draw. (Reuters).

Indicative Cross Rates				
	Offer			
EUR/USD	1.0543	1.0945		
GBP/USD	1.2288	1.2690		
USD/ZAR	16.5613	20.5737		
USD/AED	3.6529	3.6931		
USD/JPY	153.60	157.62		
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