



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH MAY 2024

DOMESTIC NEWS

Kenya's shilling firmed slightly on Tuesday. The shilling traded at 130.00/131.00 per U.S. dollar, compared with Monday's closing rate of 130.25/131.25. (Reuters)

Yesterday the State tapped into the fuel stabilization fund for the first time since October last year to stop an increase of pump prices by up to Sh2.27 per litre. The cushion lowered super petrol prices per litre in Nairobi marginally to Sh192.84 from Sh193.84 previously. Diesel, whose prices were not covered, dropped to Sh179.18 from Sh180.38 in the review that takes effect today (Wednesday) until June 14. Without the cushion, the price of petrol would have jumped by Sh2.27 per litre. The last time stabilization was applied was in the October-November 2023 cycle. This came at a time when prices of super petrol in the global market rose by five percent to \$927 per tonne from \$881.11 last month while prices of diesel increased by 1.4 percent to \$737.49 per tonne. "In the period under review, the maximum allowed petroleum pump price for super petrol, diesel and kerosene decrease by Sh1 per litre, Sh1.20 per litre and Sh1.30 per litre respectively," Daniel Kiptoo, Director General of the Energy and Petroleum Regulatory Authority (Epra), said yesterday. A combination of the weakening shilling and rise in global prices of refined fuel had set the stage for higher pump prices for super petrol and kerosene, prompting the re-introduction of the subsidy. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	125.00	135.00	125.00	135.00
GBP/KES	159.72	172.72	158.92	173.62
EUR/KES	135.80	149.70	136.10	152.60
AED/KES	31.39	44.39	33.39	44.89

	Amounts > 10 million KES	Amounts >100,000 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 March 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

Most Asian currencies rose slightly on Wednesday, retaking some ground against a weaker dollar as markets awaited more cues on interest rates from key U.S. inflation data due later in the day. Traders also grew more confident that the Federal Reserve will not hike interest rates further in 2024, following comments from Chair Jerome Powell on Tuesday. This notion sparked some weakness in the dollar, even as factory inflation data for April surprised to the upside. Dollar steady as CPI data approaches. The dollar index and dollar index futures both fell slightly in Asian trade on Wednesday, extending overnight losses even as producer price index data surprised to the upside. Comments from the Fed's Powell, specifically that monetary policy was currently tight enough to eventually bring down inflation, was a key driver of the dollar's decline.

On the other hand, the GBP/USD fell 0.3% to 1.2523, after the release of the latest U.K. jobs data showing that the country's unemployment rate rose to its highest level in almost a year. EUR/USD traded 0.1% lower to 1.0778, after the latest German consumer price index showed that inflation looks under control in the eurozone's largest economy. USD/JPY rose 0.2% to 156.44. USD/CNY rose 0.1% to 7.2377.

In the commodities markets, Gold prices steadied in Asian trade on Wednesday, taking advantage of a softer dollar as markets hunkered down before key U.S. consumer inflation data which is likely to factor into the outlook for interest rates. Gold saw overnight gains after comments from Federal Reserve Chair Jerome Powell suggested that U.S. rates will not rise any further. These comments were also a key factor in the dollar's decline. Spot gold steadied at \$2,357.65 an ounce, while gold futures expiring in June rose 0.1% to \$2,361.90 an ounce.

On the other hand, Oil prices rose in Asian trade on Wednesday as industry data showed a drop in U.S. inventories and boosted expectations of tighter supplies, although anticipation of key inflation data kept gains limited. Crude markets took some positive cues from Federal Reserve Chair Jerome Powell, who said that the world's biggest economy remained resilient, while China's outlining of plans for a massive 1 trillion yuan (\$138 billion) bond issuance also factored into some strength.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0625	1.1026
GBP/USD	1.2392	1.2799
USD/ZAR	16.3699	20.3646
USD/AED	3.6526	3.6934
USD/JPY	154.27	158.29

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