



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH MAY 2024

DOMESTIC NEWS

Kenya's shilling was stable on Thursday, but it could weaken in coming days due to demand from fuel retailing companies. Commercial banks quoted the shilling at 130.00/131.00 per dollar, the same as Wednesday's closing rate. (Reuters)

The Kenya Revenue Authority (KRA) has recorded its highest shortfall in tax collections from employees despite the introduction of two new tax bands targeting top earners, even as the Treasury projected that the taxman would miss this year's target by about Sh300 billion. A quarterly report published by the National Treasury shows that the KRA missed its pay-as-you-earn (PAYE) target by Sh72.3 billion in the first nine months of the dying financial year. The taxman had a target of collecting Sh463.3 billion from salaries in the period ending March, but only raised Sh390.96 billion, which means it missed its target by 15.6 percent, the highest shortfall according to available data. In the Finance Act 2023, the Income Tax Act was amended to introduce two individual tax bands. The Act introduced a new tax band of 32.5 percent for a monthly income of between Sh500,000 and Sh800,000 and 35 percent for income above Sh800,000. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	126.00	136.00	126.00	136.00
GBP/KES	161.84	174.84	161.04	175.74
EUR/KES	137.35	151.25	137.65	154.15
AED/KES	31.67	44.67	33.67	45.17

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 March 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar steadied in European trade Thursday, after dropping to multi-week lows overnight in the wake of a milder U.S. inflation report, which brought Fed rate cuts back into focus. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher at 104.285, having fallen to a five-week low just below 104 overnight. The dollar remains on the back foot after the latest U.S. inflation data raised expectations the Federal Reserve will deliver two interest rate cuts this year, probably starting in September. Wednesday's consumer price index rose by 0.3% in April, below an expected 0.4% gain, which came as a relief to markets after sticky consumer prices in the first quarter had led to a sharp paring of rate cut bets and even stoked some worries of an additional hike. The data also resulted in U.S. Treasury yields sinking to six-week troughs, as traders reassessed the likely path of the Fed's monetary policy.

On the other hand, the EUR/USD traded 0.1% lower to 1.0867, with the euro retreating slightly Thursday after earlier climbing to its highest since March 21. GBP/USD fell 0.1% to 1.2675. USD/JPY fell 0.2% to 154.64. USD/CNY traded largely flat at 7.2187.

In the commodities markets, Gold prices fell slightly on Friday, trimming some of their gains for the week as comments from a slew of Federal Reserve officials offered a more sobering outlook on interest rate cuts. Spot gold steadied at \$2,377.40 an ounce, while gold futures expiring in June fell slightly to \$2,381.10 an ounce. Gold retreats as Fed officials downplay rate cuts, but weekly gains due. This saw traders begin pricing out some expectations for a rate cut in September. The dollar and U.S. Treasury yields also rebounded from earlier losses this week. Still, some softer-than-expected consumer price index readings put gold on course for a 0.7% weekly gain.

On the other hand, Oil prices moved little in Asian trade on Friday, but were headed for a mildly positive week as a softer dollar, shrinking U.S. inventories and increased Chinese stimulus stoked hopes of improving demand. Oil set for mildly positive week after softer CPI, shrinking inventories. Brent and WTI futures were up between 0.7% and 1.4% this week, with a bulk of gains coming on Thursday after some U.S. consumer inflation readings read softer than expected. Oil markets see mixed cues on demand.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0663	1.1066
GBP/USD	1.2461	1.2863
USD/ZAR	16.1819	20.1895
USD/AED	3.6529	3.6932
USD/JPY	153.74	157.75