



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 21ST MAY 2024

DOMESTIC NEWS

Kenya's shilling edged lower on Monday, as fuel importers and manufacturers also sought hard currency. Commercial banks quoted the shilling at 131.50/132.50 per dollar, compared to 131.00/132.00 at the end of Friday's session. (Reuters)

Kenya's economy in 2023 grew at second fastest rate in five years largely on the back of a rebound in agricultural output and continued recovery in tourist receipts, boosting job opportunities. The country's gross domestic product (GDP) — a measure of all economic activities — expanded 5.6 percent from a revised 4.9 percent in 2022, the Kenya National Bureau of Statistics announced yesterday. The growth that was the second highest since 2018, outpaced by 2021 when activities expanded 7.6 percent largely on low-base effects of pandemic year when economy contracted 0.3 percent. The rebound was in line with estimates by the Central Bank of Kenya (CBK) and African Development Bank (5.6 percent), but slightly slower than 5.4 percent predicted by the World Bank Group. A steady growth in GDP means people are earning and spending more money resulting in increased tax receipts that the government should ideally spend on improving public services such as education, healthcare and security. The GDP has, however, been criticised for not showing how income is spread across various working groups, hence the measure could sometimes be a result of rich getting richer and the poor getting poorer. (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	163.14	176.14	162.34	177.04
EUR/KES	137.90	151.80	138.20	154.70
AED/KES	31.80	44.80	33.80	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 dollar edged up on Monday as investors awaited further clues on the path of U.S. interest rates in the wake of cautious comments from Federal Reserve officials, even as inflation showed signs of cooling. Federal Reserve officials are not ready to say inflation is heading to the U.S. central bank's 2% target after data last week showed a welcome easing in consumer price pressures in April, with several on Monday calling for continued policy caution. Atlanta Fed President Raphael Bostic said on Monday it will take a while for the Federal Reserve to be confident that inflation is on track back to its goal. Speaking at the Mortgage Bankers Association conference in New York, Fed Vice Chair Philip Jefferson said it is too early to tell whether the recent slowdown in the disinflationary process will be long lasting.

On the other hand, the EURUSD was 0.05% down against the dollar at \$1.0863. Against the yen, the dollar was up 0.4% to 156.26 yen. GBPUSD was up 0.07% at \$1.2711 on the day after touching a two-month high of \$1.27255, ahead of a UK inflation report due on Wednesday. The Australian dollar was down 0.3% at \$0.6671. With little in the way of economic data on the calendar for the day, most major currency pairs clung to tight trading ranges on Monday.

In the commodities markets, Gold prices fell in Asian trade on Tuesday, retreating from record highs as some easing uncertainty over Iran cooled safe haven demand for the yellow metal, while pressure from concerns over U.S. interest rates persisted. Gold surged to a record high on Monday, benefiting from increased safe haven demand as traders feared some geopolitical instability in the Middle East after Iran's President was killed in a helicopter crash. But the immediate impact of his death remained unclear. The lack of any major instability in the Middle East sapped safe haven demand for gold, leaving it more vulnerable to concerns over U.S. interest rates.

On the other hand, Oil prices fell in early Asia trade on Tuesday, with investors anticipating lingering U.S. inflation and higher interest rates to depress consumer and industrial demand. Brent crude futures fell 44 cents, or 0.53%, to \$83.27 a barrel by 0313 GMT. U.S. West Texas Intermediate crude (WTI) slipped 51 cents, or 0.64%, to \$79.29 a barrel. Both benchmarks fell less than 1% on Monday as U.S. Federal Reserve officials said they were awaiting more signs of slowing inflation before considering interest rate cuts.

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0658	1.1060
GBP/USD	1.2507	1.2914
USD/ZAR	16.1807	20.1933
USD/AED	3.6526	3.6934
USD/JPY	154.40	158.41

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.