



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

**TREASURY MARKET UPDATE 21<sup>ST</sup> MAY 2024**

**DOMESTIC NEWS**

Kenya's slid lower against the dollar on Tuesday on elevated demand for hard currency from importers of fuel and manufacturers. Commercial banks quoted the shilling at 131.50/132.50 per dollar, compared to 131.00/132.00 at the end of Monday's session. (Reuters)

The government is investing Sh20 billion collected from the affordable housing levy in Treasury bills and bonds, signaling a low absorption rate for the funds meant to build cheaper homes for low- and middle-income households. Bonds are medium to long-term government securities and their purchase indicates that the government is collecting the levy at a faster pace than it can deploy in the construction of the houses. The State Department for Housing says the government had collected a total of Sh34.72 billion by the end of April 2024. Housing Principal Secretary Charles Hinga told the National Assembly's Committee on Housing, Urban Planning and Public Works that Sh6.93 billion from the fund had been spent so far. He said out of the total collections, Sh20 billion has been transferred to the Affordable Housing Board for investment in Treasury bills and Treasury bonds. Most of the future collections are also set to be parked in the debt securities first, helping to fund the government as the building of houses takes a back seat due to a legal hitch. (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	163.15	176.15	162.35	177.05
EUR/KES	137.83	151.73	138.13	154.63
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 March 2024 – Date (Source: Reuters)

**INTERNATIONAL NEWS**

The U.S. dollar traded in a tight range Tuesday, steadying as traders looked for new clues over the expected timing and extent of Federal Reserve rate cuts this year. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded largely unchanged at 104.475. The dollar is basically steady Tuesday, but has drifted higher so far this week after several Fed officials called for continued policy caution, even after data last week showed an easing in consumer price pressures in April.

On the other hand, in Europe, EUR/USD traded 0.1% higher to 1.0861, barely moving after German producer prices fell more than expected in April, dropping 3.3% on the year, due mainly to lower energy prices. GBP/USD edged higher to 1.2709, trading in a tight range ahead of Wednesday's release of April U.K. CPI data, with the annual rate of inflation expected to have slowed dramatically to near the 2% level targeted by the Bank of England. In Asia, USD/CNY traded 0.1% higher at 7.2371, remaining in sight of a six-month high after the People's Bank kept its benchmark loan prime rate unchanged at record lows earlier in the week. USD/JPY fell 0.1% to 156.17, with the Japanese yen still weak in the face of persistent pressure from U.S. interest rates, while uncertainty over the Bank of Japan's plans to begin tightening policy also presented a dour outlook.

In the commodities markets, gold prices fell in Asian trade on Wednesday, pulling back further from record highs as anxiety over high U.S. interest rates grew ahead of more cues from the Federal Reserve. A steady dollar also weighed on metal prices, while safe haven demand for gold cooled amid little signs of worsening geopolitical conditions in the Middle East, after the Iranian President was killed in a helicopter crash. Spot gold fell 0.2% to \$2,415.61 an ounce, while gold futures expiring in June fell 0.3% to \$2,418.75 an ounce. Spot prices remained in sight of their recent peak of \$2,450.06 an ounce.

On the other hand, Oil prices fell for a third straight session on Wednesday on expectations the Federal Reserve might keep U.S. interest rates higher for longer due to sustained inflation, potentially impacting fuel use in the world's largest oil consumer. Brent crude futures were down 60 cents, or 0.7%, to \$82.28 a barrel, while U.S. West Texas Intermediate crude (WTI) futures slipped 64 cents, or 0.8%, to \$78.02 on Wednesday. Oil prices settled about 1% lower on Tuesday. (Reuters).

**Indicative Cross Rates**

	Bid	Offer
EUR/USD	1.0653	1.1057
GBP/USD	1.2509	1.2915
USD/ZAR	16.0732	20.0897
USD/AED	3.6526	3.6934
USD/JPY	154.32	158.33

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