



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 24TH MAY 2024

DOMESTIC NEWS

Kenya's shilling was stable against the dollar on Thursday as the central bank sold small quantities of dollars to keep the local unit rangebound amid some mild hard currency demand from manufacturers. Commercial banks quoted the shilling at 132.00/133.00, the same level as at the end of Wednesday's session. (Reuters)

Local private investors will be given a chance to participate in the financing of the \$3.6 billion (Sh472.9 billion) expressway from Mombasa to Nairobi after the Kenya National Highway Authority (Kenha) and US-based private equity Everstrong Capital LLC signed a deal to start the construction of the toll road. Construction of the toll road, dubbed Usahihi Expressway, is one of the deals signed during the three-day visit to the US by President William Ruto and is seen as rivalling the Chinese-built Mombasa - Nairobi standard gauge railway (SGR). "The project anticipates attracting investments totalling \$3.6 billion, sourced from international investors, development agencies, pension funds and an exceptionally large number of Kenyan private investors," said Everstrong in a statement. The public private partnership (PPP) project will be undertaken for a period of between three to four years, with financing being led by "American Development institutions and significant investments from Kenyan private sector investors and pension funds," Everstrong added. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.75	137.75	127.75	137.75
GBP/KES	164.48	177.48	163.68	178.38
EUR/KES	138.59	152.49	138.89	155.39
AED/KES	32.14	45.14	34.14	45.64

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 handed back some of the previous session's gains Thursday, but remained near a one-week high after the release of hawkish minutes from the last Federal Reserve meeting suggested U.S. interest rates would remain elevated for some time. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower at 104.705, after gaining 0.3% overnight. The minutes of the Fed's late-April meeting showed policymakers were growing increasingly concerned over sticky inflation, with some Fed officials talking about potentially raising rates further to bring down inflation.

On the other hand, in Europe, GBP/USD rose 0.1% to 1.2730, with sterling retaining its firm tone after Wednesday's data showed that U.K. inflation fell by less than expected in April. EUR/USD traded 0.2% higher to 1.0839, after data showed that eurozone business activity has expanded at its fastest pace in a year this month. In Asia, USD/JPY largely flat at 156.76, after surging close to 157 in overnight trade, with PMI data for Japan showing manufacturing activity expanded for the first time in 11 months. USD/CNY traded 0.1% higher at 7.2443, trading just below a six-month high.

In the commodities markets, gold prices steadied in Asian trade on Friday, but were nursing steep declines through the week as concerns over high for longer U.S. interest rates dragged the yellow metal from record highs. Rate fears pushed up the dollar and weighed on broader metal prices. Gold was also hit by waning safe haven demand, as the death of the Iranian President did not ramp up tensions in the Middle East as initially expected. Spot gold rose 0.2% to \$2,332.77 an ounce, while gold futures expiring in June fell 0.1% to \$2,333.85 an ounce. Gold nurses steep weekly losses on rate jitters. Gold was set to lose about 3.4% this week, as it plummeted from record highs hit at the beginning of the week.

On the other hand, Oil prices were stable on Friday as investors considered the latest comments from the U.S. Federal Reserve on interest rates amid sticky inflation, while signs of firming seasonal U.S. fuel demand lent support. Brent crude futures rose 2 cents at \$81.38 a barrel at 0315 GMT, while U.S. West Texas Intermediate (WTI) crude futures were down 1 cent at \$76.86. Both benchmarks settled at multi-month lows on Thursday, with Brent crude futures closing at their weakest point since January and U.S. crude futures hitting a three-month low. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0606	1.1010
GBP/USD	1.2489	1.2893
USD/ZAR	16.4622	20.4886
USD/AED	3.6526	3.6936
USD/JPY	155.05	159.07

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