



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 27TH MAY 2024

DOMESTIC NEWS

Kenya's shilling was steady against the dollar on Friday, with the market showing muted hard currency demand and supply. Commercial banks quoted the shilling KES= at 131.50/132.50, the same level as at the end of Thursday's session. (Reuters)

Employees earning a monthly income of Sh40,000 and above are set for more tax-free per diems, making the highflyers like chief executive officers and senior public officials with fat paychecks some of the major winners in the amendment proposed in the Finance Bill, 2024. The Bill proposes to amend the Income Tax Act to exempt per diem or the daily stipend designated to cover expenses incurred by employees during business travel to five percent of an employee's gross monthly salary. The tax exemption on per diem is currently up to Sh2,000 per day, a situation that favored low earners. "Section 5 of the Income Tax Act is amended in subsection (2) in paragraph (a) (iii), by deleting the words 'the first two thousand shillings' and substituting therefore the words 'and the employer has a policy on the payment and accounting for subsistence, travelling, entertainment or other allowances, an amount not exceeding five percent of the monthly gross earnings of the employee,'" says the Bill. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	128.00	138.00	128.00	138.00
GBP/KES	165.48	178.48	164.68	179.38
EUR/KES	139.38	153.28	139.68	156.18
AED/KES	32.21	45.21	34.21	45.71

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

Most Asian currencies tread water on Monday, while the dollar steadied in thin trade as markets awaited more cues on U.S. interest rates from key inflation data due later in the week. Market holidays in the UK and the U.S. kept trading volumes limited, as did a dearth of immediate cues. Most regional currencies were nursing some losses from last week after a string of warnings from the Federal Reserve saw traders steadily price out expectations of interest rate cuts by the central bank. Dollar steadies, PCE inflation awaited. The dollar index and dollar index futures moved little in Asian trade, steadying after rebounding over the past week.

On the other hand, In Europe, GBP/USD edged lower to 1.2696, after data showing that British retail sales fell by more than expected in April, dropping by 2.3% on a monthly basis, as wet weather kept shoppers away from clothing retailers and sports stores. EUR/USD traded 0.1% higher to 1.0821, after the German economy grew by 0.2% in the first three months of 2024, the statistics office reported on Friday, confirming preliminary data. In Asia, USD/JPY gained 0.1% to 157.07, with the pair rising to an over three-week high, extending a rebound from lows hit in the immediate wake of government intervention seen earlier in May. USD/CNY traded 0.1% higher at 7.2448, close to a six-month high, with further weakness in the yuan being limited by a substantially stronger midpoint fix from the People's Bank of China.

In the commodities markets, gold prices rose slightly in Asian trade on Monday, recouping some of last week's losses as traders remained cautious towards metal markets ahead of a key U.S. inflation reading this week. Broader trading volumes were also subdued on account of market holidays in the UK and the U.S., while anticipation more cues on U.S. interest rates also deterred big bets. Spot gold rose 0.4% to \$2,343.23 an ounce, while gold futures expiring in June rose 0.4% to \$2,344.10 an ounce. Spot prices were also nursing a tumble from record highs.

On the other hand, Oil prices rose slightly in Asian trade on Monday, recovering mildly from steep losses last week as traders awaited more cues on U.S. inflation and a meeting of the Organization of Petroleum Exporting Countries this week. Still, trading volumes were expected to be limited with market holidays in the U.S. and the UK. Brent oil futures expiring in July rose 0.1% to \$82.22 a barrel, while West Texas Intermediate crude futures rose 0.2% to \$77.85 a barrel. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0647	1.1051
GBP/USD	1.2541	1.2945
USD/ZAR	16.3811	20.3981
USD/AED	3.6528	3.6931
USD/JPY	154.78	158.80