



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 30TH MAY 2024

DOMESTIC NEWS

Kenya's shilling was unchanged against the dollar on Wednesday. The shilling was trading at 132.00/133.00 per dollar, the same as Tuesday's closing rate. (Reuters)

Prepaid customers will get free tokens from Kenya Power while those on postpaid plan will see their bills netted off as compensation for irregular or poor-quality electricity supply and unannounced blackouts in fresh regulations. The proposed regulations gazetted last week for public scrutiny before adoption by Parliament are the latest efforts by the Energy and Petroleum Regulatory Authority (Epra) to compel Kenya Power to improve its supply. Currently, Kenya Power offers compensation for injuries or damaged assets but does not compensate for financial losses resulting from hiccups such as blackouts. The Energy (Electricity Reliability, Quality of Supply and Service) Regulations, 2024 will tighten the noose on Kenya Power amid increased frequency of outages that have at times lasted more than 24 hours. The energy regulator will determine how the affected consumers are compensated. "A Licensee shall be liable to pay appropriate compensation to a person if there is breach in quality of supply or irregularity of electricity supply by the Licensee, provided that the breach is reported to the Licensee in writing within thirty (30) days of occurrence of the breach," the regulations read.

(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	162.85	175.85	162.05	176.75
EUR/KES	137.00	150.90	137.30	153.80
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

Most Asian currencies weakened on Thursday, while the dollar crested over two-week peaks amid caution ahead of more key cues on U.S. inflation and interest rates in the coming days. Regional currencies were still reeling from a string of hawkish signals from the Federal Reserve, as officials warned that they needed much more confidence that inflation was easing. Some officials also flagged the possibility of more rate hikes, if inflation remained sticky. The dollar index and dollar index futures rose slightly in Asian trade, extending strong overnight gains and reaching their highest levels since mid-May. A revised reading on first quarter gross domestic product is due later on Thursday and is expected to show continued resilience in the U.S. economy. Strength in the economy gives the Fed more headroom to keep rates high for longer.

On the other hand, the GBPUSD weakened to \$1.2702 a day after hitting a two-month high. USDJPY reached as high as 157.715 on Wednesday, edging closer to levels that led to bouts of likely intervention from Tokyo at the end of April and early May. EUR/USD traded 0.1% lower to 1.0852. USD/CNY traded 0.1% higher at 7.2489. German data showed inflation rose slightly more than expected to 2.8% in May, though that is unlikely to change expectations for a European Central Bank rate cut next month.

In the commodities markets, Oil prices were mostly stable on Thursday as the markets await U.S. crude oil stockpiles data, though resilient U.S. economic activity pointed to borrowing costs staying higher for longer in a potential blow to demand. Brent futures dipped 4 cents or 0.05% to \$83.56 a barrel, while U.S. West Texas Intermediate (WTI) crude eased 10 cents or 0.13% to \$79.13. Higher borrowing costs tend to tie down funds and consumption, a negative for crude demand and prices. The Fed is now seen cutting rates in September at the earliest, compared to a June start that had been expected by markets at the beginning of the year.

On the other hand, Gold prices fell in Asian trade on Thursday, weighed chiefly by strength in the dollar and U.S. Treasury yields as traders remained on edge before key economic readings that are likely to factor into interest rates. Spot gold fell 0.2% to \$2,332.98 an ounce, while gold futures fell 0.4% to \$2,331.60 an ounce just ahead of their expiry on June 1 (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0588	1.0990
GBP/USD	1.2485	1.2889
USD/ZAR	16.5367	20.5430
USD/AED	3.6524	3.6934
USD/JPY	154.94	158.97

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.