



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

**TREASURY MARKET UPDATE 31<sup>ST</sup> MAY 2024**

**DOMESTIC NEWS**

Kenya's shilling strengthened on Thursday, lifted by dollar inflows from tea exporters. Commercial banks quoted the shilling at 130.50/131.50 per dollar, compared with Wednesday's closing rate of 131.00/132.00. (Reuters)

India has reclaimed its position as Kenya's second largest source market, replacing the United Arab Emirates whose shipments have fallen by double-digits on relatively stabilizing prices of petroleum products. Official figures for the first three months of the year show traders spent Sh72.01 billion on goods from the giant South Asian country, a modest 9.89 percent growth over a similar period last year. The growth helped the world's fifth largest economy to dislodge the UAE to re-occupy its long-held position as the second biggest source of imports for Kenya by value. The onset of Russia's war in Ukraine in February 2022 disrupted the global supply chains for petroleum products, sending oil prices through the roof with the UAE among the biggest beneficiaries. Resultant record petroleum prices saw the Emirates overtake India in Kenya export earnings from 2022. Provisional numbers from the Kenya National Bureau of Statistics, however, show expenditure on imports from the UAE, which last year more than doubled compared to 2021, fell by 19.90 percent in the first quarter. This is after traders ordered goods worth Sh67.03 billion from the Middle-East country in the three month period through March compared with Sh83.69 billion in a similar period last year. (Business Daily).

**Indicative Forex Rates**

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	125.50	135.50	125.50	135.50
GBP/KES	162.02	175.02	161.22	175.92
EUR/KES	136.28	150.18	136.58	153.08
AED/KES	31.53	44.53	33.53	45.03

	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 drifted lower on Friday, with the Chinese yuan moving back towards six-month lows after disappointing business activity readings, while the dollar steadied in anticipation of key inflation data. Regional currencies also remained under pressure amid persistent concerns over high-for-longer U.S. interest rates, as hawkish comments from Federal Reserve officials continued to trickle in. But they saw some relief on Thursday, as the dollar fell from over two-week highs following a softer reading on gross domestic product data. The dollar index and dollar index futures rose 0.1% in Asian trade, steadying from overnight losses after a revised reading on first-quarter GDP showed the economy grew less than initially expected.

On the other hand, the euro was up 0.3% at \$1.083 after dropping 0.5% on Wednesday to touch a two-week low of \$1.0789 overnight. Sterling rose 0.26% to \$1.2734 after also falling 0.5% on Wednesday. Among other Asian currencies, the Japanese yen's USDJPY pair moved little on Friday after falling sharply in overnight trade, tracking some weakness in the dollar. The Indian rupee's USDINR pair remained close to recent record highs, above 83 rupees, before the results of the 2024 general elections on June 4.

In the commodities markets, gold prices steadied in Asian trade on Friday, with traders remaining wary of the yellow metal before key U.S. inflation data that is likely to factor into the outlook for interest rates. Metal markets saw some relief on Friday after the dollar slid from over two-week highs in overnight trade, tracking weak gross domestic product figures. But this relief was limited, as fears of sticky inflation and high interest rates persisted before key inflation data. Spot gold steadied at \$2,342.86 an ounce, while gold futures expiring in August fell 0.1% to \$2,363.80 an ounce. The yellow metal was still set to gain about 2.6% in May, after it shot up to record highs earlier in the month.

On the other hand, Oil prices fell in Asian trade on Friday, extending recent losses after unexpected builds in U.S. product inventories drummed up concerns over sluggish fuel demand, while signs of weakening business activity in top importer China weighed. An upcoming meeting of the Organization of Petroleum Exporting Countries and allies (OPEC+) was also in focus, with the cartel likely to extend ongoing production cuts past a June-end deadline. Brent oil futures expiring in July fell 0.3% to \$81.61 a barrel, while West Texas Intermediate crude futures fell 0.4% to \$77.64 a barrel. (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.