



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 03RD JUNE 2024

DOMESTIC NEWS

Kenya's shilling gained ground on Friday, helped by low demand from importers and companies selling dollars to pay salaries. Commercial banks quoted the shilling at 129.50/130.50 per dollar, compared with Thursday's closing rate of 129.75/130.75. (Reuters)

More than half of the tea from Kenyan farms presented to the Mombasa auction in May remained unsold as heavy rains increased production of the green leaf, leading to a glut. Data from Africa Tea Brokers Limited (ATBL) shows the four auctions held in May saw 67,863,107 kilograms of Kenyan tea presented to the auction, marking a significant increase from 60,121,444 kilograms that were offered in May last year. But only 31,055,197 kilograms attracted buyers, which means that 54.23 percent of the tea failed to get buyers. This is a significant jump from May 2023, when 36,759,151 kilograms were sold, translating to 38.85 percent, which did not attract buyers. The Mombasa tea auctions are organized by the East African Tea Trade Association (EATTA). The auction brings together teas from Kenya, Uganda, Rwanda, Tanzania, and Burundi, where they compete on quality and price. Any tea that is not sold on a scheduled auction day is reprinted on a fresh auction catalogue and returned to the auction two weeks later. However, a seller is only allowed to bring back unsold leaf to the auction twice. (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	162.29	175.29	161.49	176.19
EUR/KES	136.74	150.64	137.04	153.54
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

The dollar was lower on Friday and on track for its first monthly decline in 2024 after data showed U.S. inflation rose in line with expectations in April, offering little clarity on how soon the U.S. Federal Reserve will be able to cut interest rates. The personal consumption expenditures (PCE) price index increased 0.3% last month, the Commerce Department's Bureau of Economic Analysis said on Friday, matching the unrevised gain in March. The U.S. dollar index was last down 0.12% at 104.64. The Fed has raised borrowing costs by 525 basis points since March 2022 in a bid to cool demand across the economy. Financial markets initially expected the first rate cut to come in March, but it then got pushed to June and now to September.

On the other hand, In Europe, EUR/USD traded 0.1% lower to 1.0823 after German retail sales fell more than expected in April, falling by 1.2% compared with the previous month. GBP/USD fell 0.2% to 1.2712, falling from 1.2801 on Tuesday for the first time since March 21. In Asia, USD/JPY traded 0.3% higher to 157.23, rebounding after falling sharply in overnight trade. USD/CNY traded 0.2% higher at 7.2438, moving back towards six-month highs hit earlier this week.

In the commodities markets, gold prices fell in Asian trade on Monday, as a rush into risk-driven assets, on the back of increased rate cut expectations, largely left out the yellow metal, even as the dollar sank. Gold was also hit by waning safe haven demand after reports suggested that Israel and Hamas were close to entering a U.S.-brokered ceasefire agreement, which could dial down geopolitical tensions in the Middle East. Spot gold fell 0.3% to \$2,321.51 an ounce, while gold futures expiring in August fell 0.2% to \$2,341.55 an ounce.

On the other hand, Oil prices rose in Asian trade on Monday after the OPEC+ extended its current run of production cuts into 2025, although speculation over a ceasefire in Gaza kept gains limited. Lingering concerns over sluggish demand also weighed following softer-than-expected purchasing managers index data from top oil importer China, while fears of high for longer interest rates saw crude nursing losses from last week. Brent oil futures expiring in August rose 0.3% to \$81.33 a barrel, while West Texas Intermediate crude futures steadied at \$77.0 a barrel. Both contracts fell between 0.6% and 1% last week. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0651	1.1053
GBP/USD	1.2538	1.2941
USD/ZAR	16.7541	20.7688
USD/AED	3.6526	3.6936
USD/JPY	155.37	159.40

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.