



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 10<sup>TH</sup> JUNE 2024

### DOMESTIC NEWS

Kenya's shilling gained ground against the dollar on Friday, as hard-currency demand waned, and foreign investors bought the local unit to purchase short-term government debt. Commercial banks quoted the shilling at 129.00/130.00 per dollar, compared with Thursday's closing rate of 129.50/130.50.

The government will use part of US\$ 1.2 billion Development Policy Operations (DPO) loan approved by the World Bank Board last week to settle the remaining part of the Eurobond falling due on 24th June 2024. The Central Bank of Kenya (CBK) Governor Kamau Thugge said using part of the money to settle remaining part of the Eurobond will not have effect on the Kenya Shilling, which has recently displayed strong performance against major world currencies. The Kenya shilling has strengthened in 2024 due to increase of foreign exchange inflows, the impact of monetary policy measures, reforms in the foreign exchange market and the buyback of the June 2024 Eurobond which was done in February this year. The Kenya shilling has appreciated against the United States Dollar by 17 per cent. Within Africa, the Kenya Shilling has a strong performance followed closely by the Botswana Pula. The CBK foreign exchange reserves, which currently stand at US\$ 6,979 million (3.63 months of import cover), continue to provide adequate cover and a buffer against any short-term shocks in the foreign exchange market. (Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.00	134.00	124.00	134.00
GBP/KES	160.03	173.03	159.23	173.93
EUR/KES	133.81	147.71	134.11	150.61
AED/KES	31.12	44.12	33.12	44.62

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 Mar 2024 – Date (Source: Reuters)

### INTERNATIONAL NEWS

The dollar jumped Friday to notch a weekly win, as a stronger jobs report cooled bets on a September Federal Reserve rate cut, but this is unlikely to mark major reversal in the greenback's bumpy ride lower unless the Fed signals that it isn't likely to deliver any cuts this year. Ahead of the Fed's two-day meeting next week, bets on hawkish pause from the Fed were given a boost after "today's strong US NFP report both for employment growth and wages," MUFG added. Friday's report arrived against a backdrop of labor market updates this week, including data showing job openings plunge to a three-year low. The upcoming CPI inflation data for May due Wednesday, may also play a role in the Fed's thinking and the dollar's next move, Morgan Stanley said. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded flat at 104.060.

On the other hand, the EURUSD dropped 0.8% versus the dollar to \$1.0803. On the week, Europe's single currency slid 0.4%, its largest weekly percentage loss since the week starting April 8. GBPUSD retreated 0.5% against the dollar to \$1.2722 after earlier in the session hitting \$1.2825, the highest level since mid-March. USDJPY rose 0.6% against to 156.64. USD/CNY slipped slightly to 7.2428, remaining close to six-month highs after the release of the latest Chinese trade data.

In the commodities markets, gold prices moved in a flat-to-low range in Asian trade on Monday, nursing steep losses from last week as fears of high U.S. interest rates mounted before a Federal Reserve meeting and key inflation data due this week. Spot gold rose 0.1% to \$2,295.7 an ounce, while gold futures expiring in August fell 0.6% to \$2,312.30 an ounce. Markets were focused squarely on an upcoming Fed meeting, with a rate decision due on Wednesday. Gold and other metal prices were battered by a sharp decrease in positioning for a September rate cut on Friday. This trend is set to continue in the coming days.

On the other hand, Light crude oil futures ended the week lower, weighed down by several factors including a strengthening U.S. Dollar and mixed signals from the global economy. Despite a mid-week recovery, the market struggled to establish a solid support base, raising concerns about further declines. Despite reassurances from OPEC+ members like Saudi Arabia and Russia to potentially pause or reverse output increases, crude oil prices fell, with Brent crude down 2.5% and WTI off 1.9% for the week. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0550	1.0954
GBP/USD	1.2510	1.2913
USD/ZAR	16.8499	20.8488
USD/AED	3.6526	3.6936
USD/JPY	155.10	159.11

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