



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 11<sup>TH</sup> JUNE 2024

### DOMESTIC NEWS

Kenya's shilling was stable on Monday, as importers from the manufacturing sector held off from buying dollars as they anticipate that the local currency will strengthen. The shilling was quoted at 129.00/130.00 to the U.S. dollar, the same as Friday's closing rate.

Electricity prices have increased by an average of 2.8 percent or 86 cents per unit this month, marking the first increase since January in what is set to raise the cost of living. In the latest monthly review, the Energy and Petroleum Regulatory Authority (Epra) has raised the Fuel Energy Charge (FEC) to Sh3.59 per unit in June from Sh3.52 in May. FEC is a pass-through cost collected by Kenya Power and remitted to power producers who burn diesel to generate electricity. The increase signals increased uptake of thermal power, which is the most expensive power source, last month. Epra has also raised the foreign exchange rate fluctuation adjustment (Ferfa) to Sh1.76 per unit from 97 cents in May. This marks the first time that power prices have increased since January. Prices had declined for five months in a row as consumers enjoyed the twin benefit of increased production of cheaper hydropower due to sufficient rains during the period. They also enjoyed lower prices due to a strong shilling, which reduced the burden of foreign currency-denominated power purchase costs to IPPs.

(Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.50	134.50	124.50	134.50
GBP/KES	160.77	173.77	159.97	174.67
EUR/KES	134.53	148.43	134.83	151.33
AED/KES	31.26	44.26	33.26	44.76

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

Most Asian currencies retreated on Monday as the dollar rebounded after a blowout nonfarm payrolls report saw fears of high for longer interest rates creep back into markets. Dollar strong with Fed meeting, CPI data on tap. The dollar index and dollar index futures advanced in Asian trade on Monday, extending strong gains from Friday after a strong nonfarm payrolls report. The reading saw traders sharply scale back expectations for a rate cut in September. The payrolls data just came days before a Federal Reserve meeting this week, where the central bank is widely expected to keep rates on hold. But any signals on future rate decisions will be closely watched. Also on tap this week is key consumer price index inflation data, due on Wednesday. The reading is expected to show inflation remaining well above the Fed's 2% annual target.

On the other hand, the EUR/USD is looking to stabilize above 1.0750 in the Asian session on Tuesday. French President Emmanuel Macron called for snap legislative elections later in June after his party was beaten by Marine Le Pen's far-right party in the EU vote. USDJPY pair rising 0.3% and breaking past the 157 level. GBP/USD extends its gains for the second successive session ahead of the UK employment data release, heading toward 1.2750 early Tuesday.

In the commodities markets, Oil prices inched up on Monday, buoyed by expectations of increased fuel demand during the summer, but gains were limited by a stronger dollar, driven by diminishing hopes for imminent U.S. interest rate cuts. This slight increase follows last week's two-day rally, which ended with a minor loss on Friday, marking a third consecutive weekly decline. Despite ongoing OPEC+ production cuts, oil inventories have been rising. The latest data showed an increase in U.S. crude and gasoline stocks.

On the other hand, the price of gold has surged so far in 2024, breaking numerous price records in the process. Starting at \$2,063.73 on January 1, the yellow metal rose as high as \$2,439.98 per ounce on May 20. And while it's come down a bit since that record was met, gold is still comfortably above the price it started the year at, sitting at \$2,297.47 per ounce as of June 10. But that could significantly change this week, giving prospective investors a reason to get started right now. Multiple factors drive the price of gold, several of which may influence the price as soon as mid-week.

(Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0567	1.0970
GBP/USD	1.2524	1.2928
USD/ZAR	16.7290	20.7403
USD/AED	3.6529	3.6931
USD/JPY	155.22	159.24

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