



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH JUNE 2024

DOMESTIC NEWS

Kenya's shilling was unchanged on Tuesday, with dollar inflows from tea, coffee and horticulture exports expected to strengthen it in the coming days. Commercial banks quoted the shilling at 129.00/130.00 per dollar, the same as Monday's closing rate.

Kenya has cut back on its planned borrowing from the International Monetary Fund (IMF) by 7.2 percent to Sh465.4 billion (\$3.6 billion) after partial repayment of the debut Eurobond that unnerved global investors. This comes weeks after the country's budget support from the World Bank was reduced in size by 20 percent to Sh155.2 billion (\$1.2 billion). The IMF has attributed this reduction in the size of the credit facility earmarked for Kenya to the February partial refinancing of the Sh258.7 billion (\$2 billion) Eurobond due for maturity on June 24. Kenya returned to the international markets in February, raising Sh193.9 billion (\$1.5 billion) through a fresh Eurobond issuance whose maturity falls due in 2031.

On other local news Motorists will pay more for petrol if Parliament approves a proposal by the Transport Ministry to increase the Fuel Levy Charge from Sh18 to Sh25 per litre to raise cash for road maintenance. Transport Cabinet Secretary Kipchumba Murkomen has urged the Finance and National Planning Committee of the National Assembly to approve the 39 percent rise, saying the current rates were last reviewed in July 2016 and don't cover inflation on road construction and maintenance cost over the period. (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	160.98	173.98	160.18	174.88
EUR/KES	134.14	148.04	134.44	150.94
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 moved little on Wednesday, while the dollar steadied as traders hunkered down before a barrage of cues on U.S. interest rates from the Federal Reserve and key inflation data. Dollar muted with Fed meeting, CPI data. The dollar index and dollar index futures steadied near one-month highs on Wednesday, having rebounded in recent sessions in anticipation of Wednesday's cues. The Fed is widely expected to keep rates unchanged and could present a more hawkish stance on the path of rates, citing recent stickiness in inflation and strength in the labor market. Before the Fed's decision, CPI data for May is due on Wednesday. The reading is also expected to show inflation remained sticky in May, giving the Fed little impetus to begin trimming rates.

On the other hand, EUR/USD traded 0.3% lower at \$1.0730, with the pair well over a full percentage point lower over the course of the last week. GBP/USD fell 0.1% to 1.2719, following the release of labor data that showed a decline in U.K. employment. The U.K. unemployment rate rose to 4.4% in April, from 4.3% the prior month, while the claimant count surged over 50,000 in May, many more than the expected 10,000. USDJPY pair rose slightly and remained well above 157 yen.

In the commodities markets, Oil prices ticked higher on Wednesday amid upbeat global demand views from the U.S. Energy Information Administration and OPEC, reinforced by industry data showing U.S. crude oil inventories fell more than expected last week. Brent crude futures rose 37 cents, or 0.45%, to \$82.29 a barrel at 0400 GMT, while U.S. West Texas Intermediate (WTI) crude futures gained 46 cents, or 0.6%, to \$78.36. In China, the world's largest crude importer, consumer inflation held steady in May while producer price declines eased, indicating Beijing would need to do more to prop up feeble domestic demand and an uneven economic recovery.

On the other hand, gold prices moved little in Asian trade on Wednesday, hovering around a key support level as traders hunkered down before more definitive cues on U.S. rates from a Federal Reserve meeting and inflation data. Spot gold fell 0.1% to \$2,313.76 an ounce, while gold futures expiring in August rose 0.2% to \$2,330.10 an ounce. Spot gold prices found support around \$2,300 an ounce in their recent rout, as the prospect of eventual rate cuts by the Fed helped limit losses in the yellow metal. Benchmark copper futures on the London Metal Exchange rose 1.1% to \$9,863.0 a tonne, while one-month copper futures rose 0.2% to \$4.5255 a pound. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0536	1.0940
GBP/USD	1.2537	1.2941
USD/ZAR	16.5637	20.5751
USD/AED	3.6526	3.6936
USD/JPY	155.22	159.29

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