



DIB Bank Kenya

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TREASURY MARKET UPDATE 18TH JUNE 2024

DOMESTIC NEWS

The Kenyan shilling was unchanged on Friday. Commercial banks quoted the shilling at 128.00/129.00 per dollar, the same as Thursday's closing rate. (Reuters)

D-Day After the National Assembly's Finance and National Planning Committee last evening heeded Kenyans' calls and recommended the removal of some punitive tax proposals from the Finance Bill, 2024, the focus will be on the House today as the Bill is tabled for a Second Reading. The sustained pressure from Kenyans may have yielded fruit after the National Assembly's Finance Committee last evening agreed to drop some of the punitive taxes proposed in the Finance Bill, 2024. The committee is today expected to table its report, with recommendations, in the House. This comes as Kenya Kwanza and Azimio MPs were summoned by their respective leaderships to meetings today to firm up positions on the Bill.

On other local news on the budget, The National Treasury has cut its target for external commercial loans in the next financial year by 41 percent, or Sh118.1 billion, signalling lower foreign debt service costs. Estimates on revenue, grants, and loans for the 2024–25 financial year project borrowing from foreign financial corporations and other international financial institutions at Sh168.7 billion, down from Sh286.8 billion in the current fiscal year. The lower target for commercial loans aligns with the government's stance of pursuing concessional and semi-concessional funding, which is relatively cheaper than borrowing from commercial sources. (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	159.76	172.76	158.96	173.66
EUR/KES	133.41	147.31	133.71	150.21
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 edged higher on Tuesday as traders awaited a key U.S. retail sales report and comments from Federal Reserve officials to better gauge the timing and pace of interest rate cuts. U.S. import prices fell for the first time in five months in May. The unexpectedly benign report from the Labor Department on Friday, combined with other recent data showing tame inflation readings, has helped keep a September interest rate cut by the Federal Reserve on the table. The dollar index, which tracks the U.S. currency against a basket of six others, was 0.2% lower at 105.35. The Fed published updated projections last week that showed the median forecast from all 19 U.S. central bankers was for a single interest rate cut this year.

On the other hand, the EURUSD was up 0.25% to \$1.07305 on Monday, after touching a six-week low of \$1.066775 last week following news of a snap parliamentary election in France. European markets have been under pressure after President Emmanuel Macron called for the snap election after his ruling centrist party was trounced by Marine Le Pen's eurosceptic National Rally in the European Parliament elections. GBPUSD rose 0.15% to \$1.2707 on Monday, though it remained close to the one-month low of \$1.26575 touched in the previous session. USD/JPY is rising back toward 158.00 in Tuesday's European morning, reversing BoJ Governor Ueda's hawkish comments-led drop to 157.50.

In the commodities markets, Gold prices retreated on Monday due to rising US Treasury bond yields after Federal Reserve (Fed) officials decided to keep rates unchanged and revised their expectations on rate cuts from three to one later in the year. Gold traders will watch the release of Retail Sales, Industrial Production, Initial Jobless Claims, and the S&P Global Purchasing Managers Index (PMI) figures.

On the other hand, oil prices edged down in Asian trade on Tuesday, after posting gains in the previous session, as markets remained cautious about global demand growth prospects amid expectations of stronger supplies. Global benchmark Brent crude futures slipped 13 cents, or 0.15%, at \$84.12 per barrel at 0316 GMT. U.S. West Texas Intermediate crude futures were up 14 cents, or 0.17%, at \$80.19 a barrel. Both benchmarks gained around 2% on Monday, closing at their highest since April. Meanwhile, global oil demand growth decelerated to 890,000 barrels per day year-on-year in the first quarter, and data suggests consumption growth likely slowed further in the second quarter, he said in the note.

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0529	1.0934
GBP/USD	1.2540	1.2945
USD/ZAR	16.4483	20.4514
USD/AED	3.6526	3.6931
USD/JPY	156.16	160.19

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