



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 20<sup>TH</sup> JUNE 2024

### DOMESTIC NEWS

The Kenyan shilling was stable on Wednesday, supported by the sale of dollars by the central bank and tepid demand for hard currency. Commercial banks quoted the shilling at 128.00/129.00 per dollar, the same as Tuesday's closing rate. We've seen central bank support buying over the last week or so. Demand is very subdued. The Kenyan central bank has said it only intervenes in the foreign exchange market to smooth out volatility in either direction, and has no preferred rate for the shilling. The shilling has strengthened 22% since the start of the year, according to LSEG data, driven by the government's announcement in February that it would buy back more than \$1.4 billion of its \$2 billion Eurobond that was to mature in June. (Reuters)

The government has returned to the market for an additional Sh20 billion via a tap sale of the June bond, which has already raised Sh61 billion, underlining efforts to hit the recently revised domestic borrowing target for the current fiscal year. The tap sale opened on Tuesday and will close on Thursday, according to a prospectus published by the Central Bank of Kenya (CBK). This additional offering is likely to be the last bond floated in the current fiscal year, which closes on June 30. The June bond comprised the reopening of four existing bonds of tenors ranging from two to 10 years, and average yields of between 16.4 percent and 18.2 percent. (Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	123.50	133.50	123.50	133.50
GBP/KES	159.38	172.38	158.58	173.28
EUR/KES	133.14	147.04	133.44	149.94
AED/KES	30.98	43.98	32.98	44.48

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 U.S. dollar steadied Wednesday after overnight losses, while sterling edged higher after the U.K. inflation returned to the Bank of England's target for the first time in nearly three years. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded marginally higher at 104.885, having fallen as low as 104.762 the previous session. The U.S. currency stabilized Wednesday after the previous session's weakness as retail sales barely rose last month, pointing to lingering headwinds to momentum in consumer spending activity despite inflationary pressures showing signs of cooling.

On the other hand, GBP/USD rose 0.2% to 1.2728, after data showed U.K. inflation returned to the Bank of England's 2% target in May for the first time in nearly three years. The drop in annual consumer price inflation from April's 2.3% reading was in line with expectations and marked a sharp decline from the 41-year high of 11.1% reached in October 2022. The Bank of England holds its latest policy meeting today. EUR/USD fell 0.1% to 1.0735, with the euro continuing to be weighed down by political jitters in France and the wider bloc. In Asia, USD/JPY traded 0.1% lower to 157.77, with minutes of the Bank of Japan's April policy meeting showing policymakers debated the impact a weak yen could have on prices. That said, the release did little to move the market as investors looked ahead to the next BOJ meeting in July.

In the commodities markets, gold prices drifted lower Wednesday in tight trading ranges, with the Juneteenth holiday in the U.S. limiting activity. Spot gold dropped 0.1% to \$2,328.84 an ounce, while gold futures fell 0.2% to \$2,343.20 an ounce. Gold and broader metal prices have retreated in recent sessions after the Federal Reserve said it expected to cut interest rates only once in 2024, compared to earlier forecasts for three cuts. This has boosted the dollar, which makes gold, and other commodities denominated in the greenback, more expensive for foreign buyers, as well as increasing the opportunity cost of investing in non-yielding assets.

On the other hand, Oil prices edged higher Wednesday, with elevated tensions in the Middle East providing support after U.S. inventories rose more than expected. The U.S. crude futures traded 0.2% higher at \$80.90 a barrel and the Brent contract climbed 0.3% to \$85.55 a barrel. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0538	1.0942
GBP/USD	1.2508	1.2912
USD/ZAR	15.9632	19.9777
USD/AED	3.6530	3.6931
USD/JPY	156.16	160.18

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