



**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 flat on Thursday, as hard-currency inflows from tea exporters matched an uptick in dollar demand from fuel importers and manufacturers. Commercial banks quoted the shilling at 128.50/129.50 per dollar, the same as Wednesday's closing rate. (Reuters)

The Central Bank of Kenya (CBK) has realised a further Sh23.8 billion from the tap sale of four papers reopened to investors this month. The tap sale that ran from Tuesday this week saw total investor bids of Sh25.1 billion against the advertised Sh20 billion target. The bids were concentrated on the longer-maturity reopened five and 10-year papers where bids received at face value totaled Sh11.2 billion and Sh8.8 billion respectively. The preference for long-tenure papers amid the issuance of two other papers with tenures of less than three years shows some success in CBK's quest to drive investor interest toward bonds with long maturity periods. CBK has struggled to drive investor interest into longer securities in the face of higher interest rates and an inverted yield curve where shorter-dated securities have yields surpassing those with longer durations. Investors who bought into the paper's tap sale have locked in returns of 17.1225 and 17.5862 percent for the reopened two and three-year bonds, and 18.1645 and 16.3924 percent for the reopened five and 10-year papers respectively. Total nettings by the CBK from the tap sale and the paper's reopening sale earlier this month stand at Sh84.8 billion against an initial target of Sh80 billion. (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	158.73	171.73	157.93	172.63
EUR/KES	132.85	146.75	133.15	149.65
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 edged higher Thursday, while sterling slips lower ahead of the latest Bank of England's policy-setting meeting. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% higher at 105.122, edging towards last week's one-month top of 105.80. The U.S. currency pushed higher Thursday after the return of traders following a holiday in the United States. The U.S. economic data slate includes initial jobless claims figures and housing starts data later in the session, as investors look for more clues towards when the Federal Reserve will start cutting interest rates. A series of Fed officials have expressed caution about expecting rate cuts too soon, seeking more evidence that inflation has been tamed before the central bank would agree to easing monetary policy.

On the other hand, GBP/USD fell 0.1% to 1.2699, ahead of the Bank of England's latest policy-setting meeting later in the session. The central bank is widely expected to keep interest rates unchanged, even after data released earlier this week showed that annual consumer price inflation fell to 2.0%, in line with its medium-term target. EUR/USD fell 0.2% to 1.0718, with political jitters in the region continuing to weigh on the single currency. In Asia, USD/JPY traded 0.2% higher to 158.44, trading at a one-month high with the yen continuing to show weakness after the Bank of Japan took a relatively dovish stance regarding its bond purchases at its recent policy meeting.

In the commodities markets, Gold (XAU/USD) price awakens from its slumber on Thursday, gaining a sprightly half a percent to trade in the \$2,330s, and finds itself at a technical crossroads that could define the directional trend for the rest of the summer. The market mood is placid going into the European session, with Asian bourses showing either mild gains or tepid losses. That said, Gold sees gains from safety demand as the geopolitical global threat level lights up another bar and global powers move their chess pieces across the world's strategic chequered board.

On the other hand, Oil prices settled higher Thursday, as traders digested falling crude inventories and ongoing rising hopes for the U.S. rate cuts following weaker-than-expected economic data. The U.S. crude futures traded 0.7% higher to settle at \$82.17 a barrel and the Brent contract climbed 0.8% to \$85.71 a barrel. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0519	1.0920
GBP/USD	1.2460	1.2867
USD/ZAR	15.9518	19.9668
USD/AED	3.6530	3.6932
USD/JPY	156.90	160.94