



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 24TH JUNE 2024

DOMESTIC NEWS

The Kenyan shilling was unchanged on Friday, as hard-currency inflows from tea exporters matched demand from manufacturers. Commercial banks quoted the shilling at 127.50/128.50 per dollar, the same as Thursday's closing rate. (Reuters)

Last week, Kenya's forex reserves shot up 18.7% to US\$ 8,321 million, enough to cover 4.3 months of import cover from US\$ 7.012 million, the highest in two years. This continues the shilling's bullish trend with investors portraying improved confidence buoyed by the Eurobond settlement and CBK's hawkish stance. The current reserves meet the CBK's statutory requirement of 4 months albeit below the EAC's convergence requirement of 4.5 months of import cover. The uptick is on the back of inflows from the US\$ 1.2 billion Development Policy Operations (DPO) World Bank loan that was to be channeled towards settling the June 2024 Eurobond. During the week, the shilling strengthened 0.1 percent against the US dollar to 128.55 from 128.66 the week before, taking the year-to-date performance to 17.8 percent, according to data from CBK.

(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	158.51	171.51	157.71	172.41
EUR/KES	132.55	146.45	132.85	149.35
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

Most Asian currencies were fragile on Monday as the dollar steadied near two-month highs. Focus was now on key PCE price index data, due this Friday. The reading is the Fed's preferred inflation gauge and is likely to factor into the outlook for interest rates. The greenback was boosted by stronger-than-expected PMI readings, which sparked concerns that a resilient U.S. economy would give the Federal Reserve more headroom to keep rates high. The dollar index, which measures the currency against six others, was up 0.2% at 105.81 in New York afternoon trading. It had spiked 0.41% overnight, erasing declines for the week, following a second successive rate cut at the Swiss National Bank and hints from the Bank of England of a reduction in August.

On the other hand, EUR/USD fell 0.1% to 1.0692, after falling around 0.4% during the previous session with weak economic data added to the region's political worries. GBP/USD fell 0.1% to 1.2652, with sterling close to a five-week low in the wake of the Bank of England's latest policy meeting. USD/JPY traded 0.1% lower to 158.81, with the pair slipping a little after earlier climbing to a fresh eight-week high above 159. The Japanese currency has remained on the back foot after the Bank of Japan's decision last week to hold off on reducing bond buying stimulus until its July meeting. USD/CNY traded edged higher at 7.2611, with the Chinese yuan remaining under pressure amid doubts about the strength of the country's economic recovery.

In the commodities markets, Oil prices inched down on Monday as concerns of higher-for-longer interest rates resurfaced and lifted the dollar, offsetting support for oil markets from geopolitical tensions and OPEC+ supply cuts. Brent crude futures slipped 5 cents to \$85.19 a barrel, after settling down 0.6% on Friday. U.S. West Texas Intermediate crude futures were at \$80.66 a barrel, down 7 cents.

On the other hand, Gold prices rose slightly in Asian trade on Monday but remained within a tight trading range amid pressure from a stronger dollar, and as traders positioned for key U.S. inflation data this week. The yellow metal has hovered largely around the low \$2,300 an ounce level for about two weeks, as uncertainty over U.S. interest rates kept traders averse to the yellow metal. Spot gold rose 0.2% to \$2,325.52 an ounce, while gold futures expiring in August rose 0.3% to \$2,337.85 an ounce

(Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0504	1.0908
GBP/USD	1.2449	1.2855
USD/ZAR	16.0508	20.0554
USD/AED	3.6529	3.6932
USD/JPY	157.66	160.71

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