



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 05TH MARCH 2024

DOMESTIC NEWS

The Kenyan shilling was unchanged on Monday. Commercial banks quoted the shilling at 145.50/146.50 per U.S. dollar, the same as Friday's close. (Reuters).

Kenya's foreign exchange reserves have dwindled back to below the \$7 billion (Sh1.019 trillion) mark for the first time in five weeks, reversing an upward trajectory. Data from the Central Bank of Kenya (CBK) indicates that forex reserves declined by \$259 million (Sh38 billion) to \$6.96 billion (Sh1.012 trillion) as of Thursday last week, a 3.6 percent drop from the \$7.22 billion (Sh1.05 trillion) a week earlier. This is equivalent to 3.7 months of import cover. The country's forex reserves had hit the highest level in over five months on February 22, coming on the back of two concessional foreign loans that also saw the shilling rally against major currencies after nearly a year of freefall. Ideally, the CBK wants to keep the forex reserves, which serve as a cushion for the country's economy, at no less than \$7.41 billion (Sh1.07 trillion) or four months' worth of imports, which is indicative of the country's long-term economic buoyancy. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	139.50	149.50	139.50	149.50
GBP/KES	179.31	192.31	178.51	193.21
EUR/KES	151.93	165.83	152.23	168.73
AED/KES	35.34	48.34	37.34	48.84

	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 Dec 2023 – Date (Source: Reuters)

INTERNATIONAL NEWS

The dollar slipped against the euro on Monday, ahead of this week's news on Britain's budget, a European Central Bank meeting, U.S. jobs data and important political moments in China and the U.S. In the United States, Federal Reserve Chair Jerome Powell will testify before lawmakers on Wednesday and Thursday. U.S. payrolls data are due on Friday, with forecasts pointing to a still-solid rise of 200,000 jobs after January's barnstorming 353,000 jump. "Payrolls could be the bigger mover as Powell is likely comfortable with current market pricing for Fed cuts, while if we get another strong payrolls after the last blowout report that could affect market expectations (for Fed policy)," said Lee Hardman, senior currency analyst at MUFG. At the start of 2024, markets were pricing in substantial interest rate cuts early this year, but traders have since reduced such bets. The Fed is under no urgent pressure to cut rates given a "prospering" economy and job market, Atlanta Fed President Raphael Bostic said on Monday.

On the other hand, EURUSD rose 0.15% to \$1.08565, while the dollar index, which measures the currency against six major peers, was down 0.03% at \$103.83. USDJPY fluctuated around the closely watched 150-per-dollar level. GBP/USD trades on a softer note around 1.2685 during the early European session on Tuesday.

In the commodities markets, Oil prices fell for a second day on Tuesday as pledges by China to transform its economy amid stuttering growth since the COVID pandemic failed to impress investors concerned about slower consumption. Brent futures for May fell 16 cents, or 0.2%, to \$82.64 a barrel by 0301 GMT, while U.S. West Texas Intermediate (WTI) fell 28 cents, or 0.4%, to \$78.46. Brent was on track to fall for the fifth straight session on Tuesday. China vowed to "transform" its economic development model and curb industrial overcapacity while setting an economic growth target for 2024 of around 5%, similar to last year's goal and in line with analysts' expectations.

On the other hand, Gold prices swelled to settle at an all-time high on Monday, underpinned by ongoing geopolitical tensions and bets on a Fed rate cuts ahead of testimony from Federal Reserve chairman Jerome Powell later this week. Spot gold rose 1.5% to settle at a record of \$2,126.30, while gold futures expiring in April 1.4% to \$2,125.65 an ounce. Other precious metals also retreated on Monday. Platinum futures rose 1.9% to \$904.75 an ounce (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0650	1.1053
GBP/USD	1.2480	1.2886
USD/ZAR	17.0630	21.0692
USD/AED	3.6524	3.6934
USD/JPY	148.49	152.52

For more details, contact our Treasury staff Mary, John & Joseph on Tel +254 20 5131311, DL +254 20 513 1354/55/51, Cell +254 709913351/52/54. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.