



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

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

### DOMESTIC NEWS

Kenya's shilling gained ground on Tuesday, helped by commercial banks shedding their long dollar positions after the local unit's recent run of gains, traders said. Commercial banks quoted the shilling at 132.50/133.50 per dollar, compared with Monday's closing rate of 133.50/134.50. The last time the shilling was at its present level was on April 4, 2023, when it was bid at 132.40, LSEG data showed. Traders said the shilling, which is up 18% against the dollar so far this year, was also benefiting from foreign portfolio investor interest in buying government securities and shares on the Nairobi Securities Exchange. (Reuters).

The Kenya Revenue Authority (KRA) collected Sh1.37 trillion in taxes in the eight months that ended February, leaving it with a daunting task of raising an average of Sh280 billion monthly over the next four months to meet its Sh2.5 trillion target for the current financial year ending in June. Official data shows that between July 2023 and February 2024, tax collections by the KRA were just 55 percent of the revised annual target of Sh2.49 trillion. These collections were less than half (49 percent) of the original ordinary revenue target of Sh2.787 trillion that was set in the budget unveiled in June last year, latest data by the Treasury shows. (Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.50	137.50	127.50	137.50
GBP/KES	164.52	177.52	163.72	178.42
EUR/KES	139.08	152.98	139.38	155.88
AED/KES	32.08	45.08	34.08	45.58

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 Jan 2024 – Date (Source: Reuters)

### INTERNATIONAL NEWS

The U.S. dollar gained in European trade Tuesday ahead of the start of the latest Federal Reserve meeting. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.4% higher at 103.640, not far off a two-week high hit earlier in the session. The U.S. currency has seen demand Tuesday, climbing near to two-week highs after a recent run of resilient U.S. inflation data prompted traders to adjust expectations for the pace and scale of Federal Reserve rate cuts this year. Fed officials get together later in the session Tuesday, ahead of Wednesday's policy announcement, which will be scrutinized for clues to how soon the central bank could start easing rates.

On the other hand, Euro drops to two-week lows, EUR/USD traded 0.3% lower to 1.0839, falling near to two-week lows on the back of dollar strength, even as German economic sentiment showed an improvement in March. GBP/USD traded 0.4% lower at 1.2674, also near a two-week low, ahead of Thursday's Bank of England rate-setting meeting, which is widely expected to see unchanged forward guidance. Yen slumps despite BOJ hike, USD/JPY traded 1% higher to 150.62, with the Japanese yen weakening sharply despite the Bank of Japan raising interest rates by 0.1%, bringing them to neutral territory after nearly a decade of negative rates. Aussie dollar retreats after RBA meeting, AUD/USD fell 0.7% to 0.6511 after the Reserve Bank of Australia kept interest rates steady but struck a less hawkish tone than markets were expecting.

In the commodities markets, gold prices moved little in Asian trade on Wednesday, steadying from recent volatility as markets looked to the Federal Reserve for more cues on interest rate cuts in 2024. Spot gold hovered around \$2,159.19 an ounce, while gold futures expiring in April rose 0.1% to \$2,162.15 an ounce.

On the other hand, Oil prices edged lower on Wednesday, as a stronger dollar curbed investor appetite while traders took some money off the table after benchmarks rallied to multi-month highs in the previous session. Brent crude futures for May delivery fell 16 cents, or 0.2%, to \$87.22 a barrel. U.S. West Texas Intermediate futures for April delivery, which expire on Wednesday's settlement, fell 31 cents, or 0.4%, to \$83.16 a barrel. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0667	1.1068
GBP/USD	1.2517	1.2924
USD/ZAR	16.9154	20.9283
USD/AED	3.6521	3.6931
USD/JPY	149.47	153.50

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