



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 26TH JUNE 2024

DOMESTIC NEWS

Kenya's shilling was stable on Tuesday despite muted trading activity amid protests against tax hikes proposed under a finance bill presented in parliament. Commercial banks quoted the shilling 128.00/129.00, unchanged from Monday's closing rate. (Reuters)

Parliament yesterday approved the controversial Finance Bill 2024, backing recommendations to withdraw some taxes, including on bread, airtime and cars, that were part of a package of reforms Kenya had agreed to implement in a deal with the International Monetary Fund (IMF). Voting on the amended the revenue-raising Bill was marred by deadly street protests against tax hikes in Nairobi and other Kenyan cities and towns that saw demonstrators storm Parliament and set a section of it on fire, forcing legislators to be evacuated. At least 10 protesters were shot dead by police, some of them around Parliament buildings. Kenya has also promised the IMF to link its Kenya Revenue Authority (KRA) system to mobile financial platforms to weed out tax evaders and boost revenue by billions of shillings. But MPs weakened the plan, which was to take effect in July, after they rejected a clause giving the KRA unfettered access to personal data that is critical for spying on suspected tax cheats. President William Ruto, who has come under pressure from waves of protests from youthful or Gen Z demonstrators, has been caught between the competing demands of lenders such as the IMF, which is urging the government to cut deficits to obtain more funding, and a hard-pressed population. (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	159.00	172.00	158.20	172.90
EUR/KES	132.67	146.57	132.97	149.47
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 Apr 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

The U.S. dollar rose on Tuesday, bolstered by hawkish comments from Federal Reserve officials as well as data showing a stable housing market in the world's largest economy, both suggesting that the central bank will not be in a rush to kickstart its rate-cutting cycle. Fed Governor Michelle Bowman started the ball rolling for the dollar, repeating her view on Tuesday that holding the policy rate steady "for some time" will likely be enough to bring inflation under control. She also reiterated her willingness to raise borrowing costs if needed. U.S. data was mixed on Tuesday, still allowing the dollar to hold its gains. Investors are now looking to Friday's release of the U.S. personal consumption expenditures (PCE) price index - the Fed's preferred measure of inflation. Politics was also at the forefront of investors' minds, with the first U.S. presidential debate between President Joe Biden and his predecessor Donald Trump set for Thursday and French elections due to begin this weekend.

On the other hand, EURUSD slid 0.2% versus the dollar to \$1.0714. It has come under pressure amid political turmoil in France in the wake of President Emmanuel Macron's shock snap election call earlier this month. GBPUSD was slightly higher against the dollar at \$1.2693, while the USDAUD slipped 0.1% to A\$0.6649. USDCNY was little changed against the U.S. currency at 7.2629 per dollar.

In the commodities markets, Gold prices fell slightly in Asian trade on Wednesday, extending losses from the prior session as traders remained largely biased towards the dollar in anticipation of key U.S. inflation data. Spot gold fell 0.1% to \$2,317.02 an ounce, while gold futures expiring in August fell 0.1% to \$2,328.40 an ounce. Gold prices rangebound with PCE inflation on tap. A revised reading on first quarter gross domestic product is also set to offer more cues on the U.S. economy this week.

On the other hand, Oil prices inched up during Asian trade on Wednesday despite a surprise jump in U.S. stockpiles, driven by geopolitical risks from the Middle East conflict and forecasts of an eventual inventory drawdown during the third quarter peak demand season. Brent crude oil futures rose 40 cents, or 0.5%, to \$85.41 a barrel by 0406 GMT. U.S. West Texas Intermediate crude futures gained 43 cents, or 0.5%, to \$81.26 per barrel. Official U.S. government data from the EIA on oil and fuel stockpiles is due

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0502	1.0905
GBP/USD	1.2482	1.2887
USD/ZAR	16.2219	20.2327
USD/AED	3.6526	3.6936
USD/JPY	157.78	161.80

For more details, contact our Treasury staff Mary, John, Alice & Joseph on Tel +254 20 5131311, DL +254 20 513 1354/55/51/52, Cell +254 709913351/52/54/55. 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.