



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 28TH JUNE 2024

DOMESTIC NEWS

The Kenyan shilling weakened on Thursday, pressured by end-month dollar demand from importers in the manufacturing sector and uncertainty over the future course of anti-government protests following the suspension of a controversial finance law. Commercial banks quoted the shilling at 128.50/129.50 per dollar, compared with Thursdays closing rate of 128.00/129.00. (Reuters)

The Treasury is targeting at least Sh55.8 billion from administrative fees and charges for services such as issuing national identity cards (IDs), passports, work permits and marriage certificates in the next financial year starting July, up from Sh28.3 billion in the current year. The additional billions are crucial in a year when the State will struggle for additional cash after President William Ruto bowed to public demands to axe new tax measures contained in the controversial Finance Bill, 2024, which would have yielded Sh303 billion in fresh collections for the exchequer. The fees will ride on anticipated increased demand for public services such as passports and high charges implemented earlier this year. The windfall is expected to boost funding of operations at respective ministries and State departments which have been looking to wean themselves off exchequer support. The Treasury estimates appropriations in aid to total Sh426 billion in the 2024/25 financial year or about 12.7 percent of the total revenues, which are projected at Sh3.343 trillion.

(Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.25	134.25	124.25	134.25
GBP/KES	159.24	172.24	158.44	173.14
EUR/KES	133.27	147.17	133.57	150.07
AED/KES	31.19	44.19	33.19	44.69

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

Most Asian currencies kept to a tight range on Friday as the dollar stuck to near two-month highs before key inflation data that is likely to factor into the Federal Reserve's outlook on interest rates. The dollar index and dollar index futures rose 0.2% in Asian trade and were at their highest levels since late-April. Traders remained largely biased towards the greenback ahead of key PCE price index data, which is the Fed's preferred inflation gauge. The reading is due later on Friday and is expected to show inflation cooled slightly in May but remained well above the Fed's 2% annual target. The dollar was little deterred by recent data showing some cooling in the U.S. economy, particularly the labor market. Uncertainty over just when and by how much the Fed will cut rates kept flows to the dollar strong. The GDP report also showed weak consumer spending. U.S. consumption growth was revised down to 1.5%, from the previous estimate of 2%.

On the other hand, GBPUSD rose 0.2% to \$1.2643 while the EURUSD rose 0.2% to \$1.0704. The euro is on track to lose roughly 1.4% this month, weighed down by political turmoil in the euro zone ahead of France's snap election set to begin this weekend. USD/JPY traded 0.1% lower to 160.59, after the yen touched its weakest against the dollar since December 1986 on Wednesday. USD/CNY edged marginally higher to 7.2689.

In the commodities markets, gold prices fell slightly in Asian trade on Friday, staying largely rangebound as traders remained biased towards the dollar ahead of key inflation data that is likely to factor into interest rates. Spot gold fell 0.3% to \$2,320.39 an ounce, while gold futures expiring in August fell 0.3% to \$2,330.85 an ounce. Spot prices were also down for June, although they were set for some gains through the second quarter. Gold rangebound ahead of PCE inflation data.

On the other hand, Oil prices rose in Asian trade on Friday and were poised for a third straight weekly jump, buoyed by growing expectations that the U.S. central bank will soon start to cut interest rates. Brent crude futures for August settlement, which expire on Friday, rose 41 cents, or 0.47% to \$86.80 a barrel. The Brent contract for September was up 0.5% at \$85.69 a barrel. U.S. West Texas Intermediate crude futures for August delivery rose 50 cents, or 0.61%, to \$82.24 a barrel.

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0488	1.0891
GBP/USD	1.2429	1.2832
USD/ZAR	16.4766	20.4867
USD/AED	3.6526	3.6936
USD/JPY	158.94	162.96

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.