



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 02ND JULY 2024

DOMESTIC NEWS

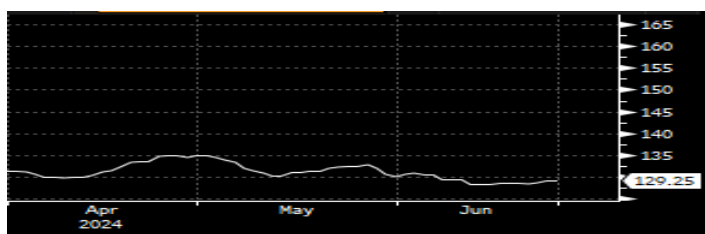
The Kenyan shilling held steady against the dollar on Monday but was under pressure as importers and manufacturers sought hard currency. Commercial banks quoted the shilling at 128.50/129.50 per dollar, the same as Friday's closing rate. (Reuters)

The cost of cooking oil, soap, margarine, and some cosmetics with glycerin is set to rise by double-digit rates starting this month after Kenya imposed a 10 percent import duty on crude palm oil, a key raw material used to produce them. The East African Community Council of Ministers chairman Deng Alor Kuol said Kenya's application to raise duty on crude palm oil to 10 percent from the current zero rate under the common external tariff (CET) has been approved. Kenya now joins Uganda which last year imposed a 10 percent import duty on crude palm oil. "It [new duty] will increase the cost of everything we make from crude palm oil — cooking oil, cooking fat, margarine and all that — by 10 percent," said a top official at a leading manufacturer. "As manufacturers we pass on additional cost to the consumer." The increased duty on crude palm oil, harvested from oil palm trees, forms part of a few options left for the Ruto administration to raise new and higher taxes after the government was forced to drop the Finance Bill 2024 last week following deadly youth-led protests. The youthful demonstrators, who are not affiliated with political or ethnic groupings, poured onto the streets of cities and major towns across 35 counties to oppose plans to impose new and higher taxation measures to raise an additional Sh346 billion to fund a nearly Sh4 trillion budget for the year starting July. (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	158.33	171.33	157.53	172.23
EUR/KES	132.97	146.87	133.27	149.77
AED/KES	30.99	43.99	32.99	44.49

	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 slipped lower in early European trade Monday ahead of the week's key employment report. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.3% lower at 105.255, around a one-week low. The dollar index has been hit by the strength of the euro Monday, with the single currency carrying the largest weight in the basket, but it was already on the back foot after Friday's release of softer than expected inflation data. The Federal Reserve's preferred inflation measure, the personal consumption expenditures (PCE) index, showed a cooling in inflation on Friday, raising expectations that the U.S. central bank will begin cutting interest rates later this year. Attention in this U.S. holiday-shortened week, with Thursday celebrated as Independence Day, will largely be on Friday's nonfarm payrolls report as traders look for fresh indications on when the Fed might start to cut interest rates. Economists are expecting the U.S. economy to have added 189,000 jobs in June after a larger than forecast gain of 272,000 the previous month.

On the other hand, EUR/USD rose 0.5% to 1.0765, around a two-week high, after a win by the French far right in the first round of parliamentary elections fell slightly short of some expectations. GBP/USD rose 0.3% to 1.2673, with sterling rising despite data showing British manufacturing activity growth slowed in June from the previous month. USD/CNY edged marginally higher to 7.2683. USD/JPY traded 0.1% higher to 161.02.

In the commodities markets, Gold prices fell slightly in Asian trade on Tuesday, remaining in a tight trading range as anticipation of a slew of cues on U.S. interest rates kept traders largely averse towards metal markets. Spot gold fell 0.2% to \$2,326.47 an ounce, while gold futures expiring in August fell 0.1% to \$2,335.80 an ounce.

On the other hand, Oil prices were little changed on Tuesday, holding near the two-month highs reached in the previous session, on expectations for rising fuel demand from the summer travel season and possible U.S. interest rate cuts that could boost economic growth. Brent crude futures rose 20 cents to \$86.80 per barrel as of 0313 GMT after gaining 1.9% in the previous session to the highest close since April 30. U.S. West Texas Intermediate (WTI) crude rose 15 cents to \$83.53 a barrel, after gaining 2.3% to its highest since April 26.

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0529	1.0932
GBP/USD	1.2433	1.2837
USD/ZAR	16.3734	20.3740
USD/AED	3.6529	3.6931
USD/JPY	159.65	163.66