



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 03RD JULY 2024

DOMESTIC NEWS

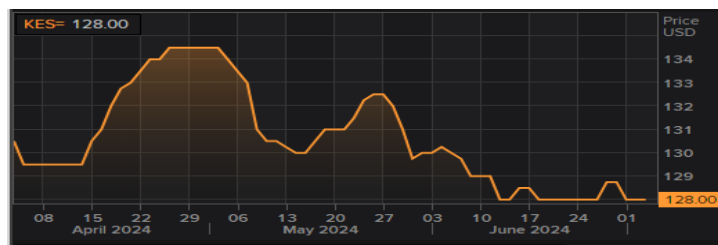
The Kenyan shilling was steady on Tuesday, with ample hard-currency supply preventing a sell-off over anti-government protests that prompted the president to abandon planned tax hikes last week. Commercial banks quoted the shilling at 128.00/129.00 per dollar, the same as Monday's closing rate. (Reuters)

Earnings from tourism hit a record high of Sh352.54 billion last year driven by a jump in visitor numbers, significantly lifting one of Kenya's biggest foreign exchange income drivers. This was a growth of Sh84.45 billion or 32 per cent jump from the earnings of Sh268.08 billion made a year earlier as the sector continued year-on-year recovery from the slump posted four years ago. Official data from the Tourism Research Institute (TRI) shows that 2.08 million tourists visited the country last year up from 1.54 million in 2022. Last year's momentum is, however, likely to be hit by the ongoing countrywide youth-led demonstrations against proposed taxation measures among other grievances. The demos, for instance, have led to cancellation of the annual Lewa Safari Marathon which was set to be held last weekend. Last year's earnings are the highest since the country started tracking and making public annual tourism earnings, with the sector recovering from the impact of the Coronavirus pandemic four years ago. Tourism is one of Kenya's biggest foreign exchange earners, besides being a key employer with millions of direct and indirect jobs across the hospitality value chain. Data shows that the period between July and September accounted for about 30 per cent of the earnings made last year or Sh104.66 billion. (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	158.97	171.97	158.17	172.87
EUR/KES	133.11	147.01	133.41	149.91
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 edged higher in early European trade Tuesday, recovering after recent losses, while the euro dipped ahead of key inflation data. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher at 105.700, bouncing from a one-week low seen earlier in the week. The dollar index has climbed as the prospects of a second Donald Trump presidency have risen over the last few days, boosted by President Joe Biden's faltering debate performance last week as well as the Supreme Court's ruling on Monday that Trump has some immunity from prosecution over attempts to overturn his 2020 election loss. There are more clues about future Fed monetary policy decisions due this week, starting with Fed Chair Jerome Powell speaking at a European Central Bank conference on Tuesday. The minutes of the Fed's June meeting are due today, while nonfarm payrolls data for June are due on Friday, and are set to offer more insight into the labor market - a key consideration for the Fed in cutting 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 fell 0.2% to 1.0716, ahead of the release of June inflation data for the eurozone later in the session. GBP/USD fell 0.2% to 1.2627, with the U.K. general election taking place on Thursday, with the opposition Labour Party widely expected to return to power. USD/JPY traded 0.2% higher to 161.69. USD/CNY rose 0.1% higher to 7.2714.

In the commodities markets, Gold prices rose in Asian trade on Wednesday, seeing some relief as the dollar retreated on some positive comments from Federal Reserve Chair Jerome Powell. Spot gold rose 0.1% to \$2,332.16 an ounce, while gold futures expiring in August rose 0.3% to \$2,341.25 an ounce. Gold rises, but payrolls, Fed cues limit gains.

On the other hand, Oil prices rose on Wednesday after industry data showed a bigger-than-expected draw in U.S. crude stockpiles, while the market kept tabs on flaring tensions in the Middle East. Brent crude futures edged up 47 cents or 0.5% to \$86.71 per barrel at 0330 GMT, touching a 10-week high. U.S. West Texas Intermediate crude futures climbed 43 cents or 0.5% to \$83.24 per barrel but was not too far off a two-month high hit earlier this week.

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0538	1.0940
GBP/USD	1.2478	1.2882
USD/ZAR	16.5959	20.6003
USD/AED	3.6529	3.6931
USD/JPY	159.87	163.88

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