



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 04TH JULY 2024

DOMESTIC NEWS

The Kenyan shilling shrugged off uncertainty caused by nationwide anti-government protests and firmed slightly on Wednesday, bolstered by hard currency inflows from tea exporters and diaspora remittances. Commercial banks quoted the shilling at 128.25/129.025 per dollar, compared to Tuesday's closing rate of 128.50/129.50. (Reuters)

Non-food, non-fuel inflation or core inflation was unchanged in June at 3.4 percent despite a significant drop in overall consumer prices in the same month pointing to the persistence of underlying cost of living pressures. Overall inflation, which factors in food and fuel prices, also known as headline inflation, hit a near four year low of 4.6 percent last month from 5.1 percent in May while core inflation remained unchanged in the same period. Core inflation is viewed as a critical measure of consumer prices since the measure is less affected by short term changes, which are usually prevalent particularly with goods such as food and fuel. The stickiness in the measure affirms the decision by the Central Bank of Kenya (CBK) to leave its benchmark interest rate unchanged at 13 percent in its recent June meeting having expressed caution on underlying inflationary pressures even as headline inflation neared the midpoint target of five percent in May. "The MPC noted that its previous measures have lowered overall inflation to the midpoint of the target range, stabilised the exchange rate and anchored inflationary expectations. (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	159.74	172.74	158.94	173.64
EUR/KES	133.69	147.59	133.99	150.49
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 retreated in early European trade Wednesday after Federal Reserve Chair Jerome Powell flagged progress towards bringing down inflation, while the euro edged higher ahead of the second round of the French parliamentary vote. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% lower at 105.287. The dollar slipped lower after comments on Tuesday from Fed head Powell, at a conference in Portugal sponsored by the European Central Bank, reinforced expectations that U.S. interest rate cuts are not far away. The Fed has made "significant progress" in bringing the pace of price gains back down to 2%, Powell said, noting that the labor market -- a major driver of inflation -- is showing signs of "cooling off," with wage increases easing back towards "more sustainable levels." The dollar index and dollar index futures both fell about 0.1% in Asian trade on Thursday, extending steep overnight declines. Traders speculated that the government would take advantage of low trading volumes during the July 4 U.S. market holiday to intervene.

On the other hand, EUR/USD rose 0.2% to 1.0762, with the euro remaining supported. GBP/USD rose 0.1% to 1.2696, 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 161.81. USD/CNY edged higher to 7.2735.

In the commodities markets, Gold prices steadied at a 10-day high in Asian trade on Thursday after growing bets on interest rate cuts by the Federal Reserve pulled down the dollar and Treasury yields. Spot gold rose 0.1% to \$2,359.56 an ounce, while gold futures expiring in August fell 0.1% to \$2,367.15 an ounce. The trend came following weaker-than-expected ADP employment data and a soft reading on non-manufacturing activity, which pushed up bets that the U.S. economy was cooling.

On the other hand, Oil prices fell in Asia on Thursday, with investors turning cautious on expectations of lower demand as U.S. employment and business data came in weaker than forecast, signaling the economy of the world's top oil consumer may be cooling. Brent crude futures were down 48 cents, or 0.55%, at \$86.86 a barrel, while U.S. West Texas Intermediate (WTI) crude futures fell 51 cents, or 0.62%, to \$83.36, with activity thinned by the U.S. Independence Day holiday.

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0586	1.0989
GBP/USD	1.2544	1.2948
USD/ZAR	16.4219	20.4269
USD/AED	3.6529	3.6931
USD/JPY	159.44	163.47

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