



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 05<sup>TH</sup> JULY 2024

### DOMESTIC NEWS

The Kenyan shilling was flat in a quiet session on Thursday, as we expect that the worst anti-government protests were probably over. Commercial banks quoted the shilling at 128.00/129.00 per dollar, the same as Wednesday's closing rate. (Reuters)

Activists behind the anti-government protests have called a pause to rethink their strategy, fearing that violence and looting seen during demonstrations on Tuesday could undermine their efforts to push President William Ruto to resign. The streets of the capital Nairobi and second-biggest city Mombasa were quiet on Thursday.

On other news, the manufacturing sector posted the slowest growth in 16 years in the first three months of 2024, spooked by high production costs and a recent barrage of tax measures, dealing a blow to prospects of generating quality jobs in the economy. Data by the Kenya National Bureau of Statistics (KNBS) show that the sector grew by 1.3 percent in the quarter to March compared to 1.7 percent a year prior—the slowest pace since the same quarter of 2008 when it grew by a paltry 0.7 percent amid deadly violence and economic disruption caused by the disputed outcome of the 2007 presidential election. "Growth in the manufacture of food products was constrained by a 6.5 percent decline in soft drink production during the quarter under review.

(Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	123.25	133.25	123.25	133.25
GBP/KES	159.78	172.78	158.98	173.68
EUR/KES	133.89	147.79	134.19	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 slipped lower in early European trade Thursday as weak economic data raised expectations of interest rate cuts by the Federal Reserve, while sterling edged higher as the U.K. went to the polls. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% lower at 104.900, extending steep overnight declines. The dollar retreated slightly Thursday, continuing Wednesday's weakness, after the release of data showing softer-than-expected ADP employment figures and a weak purchasing managers index reading on non-manufacturing activity. This data has increased expectations that a cooling U.S. economy will persuade Fed officials to sanction interest rate cuts in the near future. The CME Fed watch tool showed traders pricing in a nearly 66% chance of a September rate cut, up from 59% seen a day ago. Trading is likely to be range bound Thursday, given the U.S. is celebrating Independence Day, and a lot of attention will turn to Friday's nonfarm payrolls report for further guidance.

On the other hand, EUR/USD rose 0.1% to 1.0794, with the euro benefiting from the dollar weakness, although the single currency may struggle to hold onto its gains amid regional political uncertainty. GBP/USD rose 0.2% to 1.2759, with the U.K. going to the polls Thursday in a general election. USD/JPY traded 0.3% lower to 161.21, after nearly crossing the 162 level on Wednesday. USD/CNY largely unchanged at 7.2701.

In the commodities markets, Oil prices were little changed in Asian trade on Friday but were on track for a fourth straight week of gains and holding near their highest levels since late April on hopes of strong summer fuel demand and some supply concerns. Brent crude futures, which have risen 7% over the last four weeks, slipped 2 cents to \$87.41 a barrel. U.S. West Texas Intermediate (WTI) crude futures, which have climbed 9% over the past four weeks, inched up to \$83.97, up 9 cents from Wednesday's close.

On the other hand, 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. Gold benefits from rate cut bets, but caution persists. Other precious metals were mixed. Platinum futures rose 0.7% to \$1,019.40 an ounce, while silver futures fell 0.5% to \$30.70 an ounce.

(Investing.com).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0619	1.1022
GBP/USD	1.2562	1.2969
USD/ZAR	16.2382	20.2441
USD/AED	3.6529	3.6931
USD/JPY	158.72	162.74

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