



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 09TH JULY 2024

DOMESTIC NEWS

Kenya's shilling was steady on Monday, but it was expected to gain ground in the next few days due to increased dollar inflows from tea exporters, traders said. Commercial banks quoted the shilling at 127.75/128.75 per dollar, the same as Friday's closing rate. (Reuters)

The recent Kenyan protests are a warning that the International Monetary Fund (IMF) is failing. The public does not think it is helping its member countries manage their economic and financial problems, which are being exacerbated by a rapidly changing global political economy. To be sure, the IMF is not the only cause of Kenya's problems with raising the funds to meet its substantial debt obligations and deal with its budget deficit. Other causes include the failure of the governing class to deal with corruption, to spend public finances responsibly and to manage an economy that produces jobs and improves the living standards of Kenya's young population. The country has also been hammered by drought, floods and locust infestations in recent years. In addition, its creditors are demanding that it continue servicing its large external debts despite its domestic challenges and a difficult international financial and economic environment. The IMF has provided financial support to Kenya. But the financing is subject to tough conditions which suggest that debt obligations matter more than the needs of long-suffering citizens. (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	160.27	173.27	159.47	174.17
EUR/KES	133.98	147.88	134.28	150.78
AED/KES	30.92	43.92	32.92	44.42

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 steadied in early European trade Monday ahead of key inflation data, while the euro edged higher as traders digested the results of the French parliamentary elections. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded largely flat at 104.577, consolidating after a near 1% slump last week. The dollar has stabilized at the start of the new week after being on the back foot following surprisingly soft U.S. payrolls data on Friday, which boosted bets for the Federal Reserve to soon start cutting interest rates. There will be more clues over the likely path of U.S. interest rates this week, with the release of key consumer inflation data as well as a two-day testimony by Federal Reserve Chair Jerome Powell before both the Senate and the House of Representatives.

On the other hand, EUR/USD rose 0.1% to 1.0842, with the euro bouncing from early losses as traders digested the implications of Sunday's second round of parliamentary elections in France. GBP/USD rose 0.1% to 1.2818, climbing to levels seen for the first time since June 12, continuing the positive tone generated by the opposition Labour Party winning a massive majority in the U.K. general election, potentially ending the volatile 14-year rule of the Conservative Party. In Asia, USD/JPY traded 0.2% higher to 161.05, with the yen edging lower Monday but still pulling away further from its weakest levels in 38 years after data pointed to some strengthening in the economy.

In the commodities markets, gold prices rose in Asian trade on Tuesday, recouping some overnight losses as traders held out for dovish signals from an upcoming testimony from Federal Reserve Chair Jerome Powell. The yellow metal retreated on Monday but was still sitting on some gains through the past week as a swathe of soft labor market readings pushed up expectations for an interest rate cut in September. A weak dollar also aided gold's advance. Spot gold rose 0.4% to \$2,367.97 an ounce, while gold futures expiring in August jumped 0.5% to \$2,374.40 an ounce.

On the other hand, Oil prices slipped on Tuesday, extending losses from the previous session, after a hurricane that hit a key U.S. oil-producing hub in Texas caused less damage than markets had expected, easing supply concerns. Brent futures fell 22 cents to \$85.53 a barrel, while U.S. West Texas Intermediate (WTI) crude fell 24 cents to \$82.09. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0627	1.1031
GBP/USD	1.2610	1.3014
USD/ZAR	16.1030	20.1174
USD/AED	3.6529	3.6931
USD/JPY	158.88	162.91

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