



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

**TREASURY MARKET UPDATE 10<sup>TH</sup> JULY 2024**

**DOMESTIC NEWS**

Kenya's shilling was steady on Tuesday, with dollar supply and importer demand matching. Commercial Banks quoted the shilling at 127.75/128.75 per dollar, unchanged from Monday's closing. There was no immediate reaction in the foreign exchange market to Moody's downgrading Kenya's sovereign rating deeper into junk territory on Monday. (Reuters)

The economic backlash from Kenya's withdrawn Finance Bill 2024 has widened amid jitters among bond investors and a downgrade by a global credit rating agency on concerns about the country's liquidity risks due to anticipated higher borrowing. In the latest blow to Kenya, global rating agency Moody's on Tuesday downgraded Kenya's credit rating deeper into junk territory, saying that the country will struggle to address the high cost and volume of public debt in light of the reduced revenue-raising capacity. Moody's action came on the heels of reports that the International Monetary Fund (IMF) will likely delay its approval for fresh funding to Kenya under its medium-term program whose seventh review was concluded last month. The failure by the government to push through its revenue-raising measures via the Finance Bill 2 has left it facing a Sh346 billion hole in its projected revenue for the current fiscal year, which it expects to plug through budget cuts amounting to Sh177 billion and additional borrowing of Sh169 billion on top of the Sh597 billion that was already earmarked in the budget. In its rating report dated July 8, Moody's said that the expanded financing requirement raises liquidity risk for the government and will keep debt costs high.

(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	160.04	173.04	159.24	173.94
EUR/KES	133.84	147.74	134.14	150.64
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**

Most Asian currencies moved in a flat-to-low range on Wednesday as the dollar found some strength after Federal Reserve Chair Jerome Powell offered no direct cues on interest rate cuts. Dollar steadies after Powell testimony; CPI awaited. The dollar index and dollar index futures recovered further from recent losses, steadying in Asian trade after Powell flagged cooling in the labor market and progress towards bringing down inflation. But the Fed Chair said that any reductions in interest rates will be largely dependent on data and reiterated the Fed's commitment to meeting its 2% inflation target. The greenback found some support as Powell's comments also put upcoming consumer price index inflation data squarely in focus. The reading is due on Thursday and is expected to show inflation remained sticky in June.

On the other hand, EUR/USD slipped slightly to 1.0819, not far from Monday's nearly four-week peak of 1.0845. The single currency also dipped as low as 1.0791 that same day in volatile trading. GBP/USD traded largely unchanged at 1.2805, after rising as high as 1.2845 on Monday, its strongest since June 12. Bank of England policymaker Jonathan Haskel said that day he wanted to keep interest rates on hold as inflation pressures remained in the jobs market. USD/JPY traded 0.1% higher to 161.01, with the yen remaining under pressure as a swathe of weak Japanese economic readings furthered bets that the Bank of Japan will have limited headroom to raise interest rates further. USD/CNY traded 0.1% higher to 7.2722.

In the commodities markets, Oil prices dipped on Wednesday after inflation in top crude importer China came in weaker than expected, while traders weighed the rising possibility of a ceasefire deal in Gaza as negotiations are set to resume later in the day. Brent futures were down 27 cents, or 0.3%, at \$84.39 a barrel, as of 0515 GMT, after falling 1.3% in the previous session. U.S. West Texas Intermediate (WTI) crude was down 20 cents, or 0.25%, to \$81.21 a barrel, after falling 1.1% in the previous session. Oil and gas companies restarted some operations on Tuesday.

On the other hand, Gold prices rose slightly in Asian trade on Wednesday as comments from Federal Reserve Chair Jerome Powell sparked increased speculation over when the central bank will begin cutting interest rates. Spot gold rose 0.2% to \$2,367.73 an ounce, while gold futures expiring in August rose 0.3% to \$2,373.90 an ounce.

(Investing.com).

**Indicative Cross Rates**

	Bid	Offer
EUR/USD	1.0614	1.1017
GBP/USD	1.2587	1.2990
USD/ZAR	16.1358	20.1454
USD/AED	3.6529	3.6931
USD/JPY	159.46	163.49

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