



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 11<sup>TH</sup> JULY 2024

### DOMESTIC NEWS

Kenya's shilling weakened on Wednesday, pressured by increased foreign-currency demand and a credit rating downgrade by Moody's. Commercial banks quoted the shilling at 128.25/129.25 per dollar, compared with Tuesday's closing rate of 127.75/128.75. (Reuters)

Public debt in the local market grew 5.8 percent during the fiscal year that ended last month with new borrowings hitting Sh577 billion, up from Sh545.2 billion acquired in a similar period the previous year. Fresh data from the Central Bank of Kenya (CBK) shows the new borrowing took the country's domestic debt stock to Sh5.41 trillion as at the end of June 2024, up from Sh4.832 trillion at the end of June last year. The Treasury had set the domestic borrowing target at Sh851.8 billion as of May, including Sh471.3 billion in net domestic borrowing and Sh380.5 billion in payments or redemptions. The projection on new domestic borrowing has, however, been a moving target with the Treasury having first revised the target to Sh415.3 billion down from the original Sh587.4 billion projections in its September Budget Review and Outlook Paper (BROP). The second 2023/24 supplementary estimates meanwhile set the target for net domestic borrowing further down to Sh407.0 billion. The government was at the time seeking to implement an elaborate scheme to slash fresh debt by Sh273.7 billion. The CBK, which is the government's fiscal agent, had said that reduced borrowing in the domestic market would help ease pressures on interest rates.

(Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.00	134.00	124.00	134.00
GBP/KES	161.87	174.87	161.07	175.77
EUR/KES	134.89	148.79	135.19	151.69
AED/KES	31.12	44.12	33.12	44.62

	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 rose on Thursday as the dollar lost ground after comments from Federal Reserve Chair Jerome Powell sparked more optimism over interest rate cuts, putting upcoming inflation data squarely in focus. Regional currencies regained some ground against the dollar as traders largely maintained bets on a September interest rate cut by the Fed. Thursday's consumer price index inflation report is set to offer more cues on this front. Dollar retreats with CPI data in focus. The dollar index and dollar index futures both fell about 0.1% in Asian trade, extending overnight losses after Powell reiterated his outlook for the U.S. economy achieving a soft landing. A key point of pressure on the dollar was Powell stating that the Fed did not need to see inflation falling below its 2% target to begin cutting rates, only that the bank needed enough confidence that inflation was easing.

On the other hand, EUR/USD rose 0.1% to 1.0819, remaining below Mondays near one-month high of 1.0845 in the wake of the second round of the French parliamentary elections. GBP/USD traded 0.1% higher at 1.2801, not far off Monday's 1.2845, its strongest since June 12, in the wake of Thursday's general election. USD/JPY traded 0.2% higher to 161.56, coming back in sight of recent 38-year highs. USD/CNY traded 0.1% higher to 7.2760, with the yuan weakening after Chinese CPI inflation shrank in June, reflecting little confidence to spend among consumers. The country's PPI inflation improved, shrinking at its slowest pace since February 2023, but still showed that Chinese disinflation remained in play.

In the commodities markets, Gold prices rose in Asian trade on Thursday, benefiting from weakness in the dollar and Treasury yields as speculation over U.S. interest rate cuts grew ahead of key inflation data. The yellow metal was sitting on some gains this week, buoyed by reports that several central banks in emerging markets were stocking up on the yellow metal. Dovish-leaning comments from Federal Reserve Chair Jerome Powell also furthered the yellow metal's advance. Spot gold rose 0.4% to \$2,381.73 an ounce, while gold futures expiring in August rose 0.3% to \$2,386.75 an ounce. Gold buoyant as Powell comments put CPI data in focus.

On the other hand, Oil prices rose in Asian trade on Thursday, extending recent gains as weakness in the dollar ahead of key U.S. inflation data benefited price, while bets on tighter global supplies remained in play. Brent Oil Futures expiring in September rose 0.7% to \$85.74 a barrel, while West Texas Intermediate crude futures rose 0.8% to \$81.69 a barrel. (Investing.com).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0634	1.1038
GBP/USD	1.2655	1.3059
USD/ZAR	16.1053	20.1160
USD/AED	3.6529	3.6931
USD/JPY	159.69	163.72

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