



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 12TH JULY 2024

DOMESTIC NEWS

Kenya's shilling was weaker on Thursday due to increased demand for dollars from oil-retailing companies and general goods importers. Commercial banks quoted the shilling at 128.50/129.50 per dollar, compared with Wednesday's closing rate of 128.00/129.00. (Reuters)

E-commerce has been one of Kenya's fastest-growing sectors with startups attracting billions of shillings in investments every year, but the tide has slowly turned leaving giant firms and their investors gromacing in pain of losses. In 2022, sector startups received a record Sh29.6 billion (\$230 million) in investor funding accounting for about 18 percent of the total amount raised by local startups that year. Copia, which was launched in 2013 with a model seeking to bring e-commerce and financial services to middle and low-income households, was among those that received highest funding amounts in the year, getting about Sh15.8 billion (\$123 million). Just a year later, Copia had started sending distress signals, scaling back its operations by closing its Ugandan subsidiary. In May this year, the firm went under administration, a process meant to give it the last fighting chance before it is liquidated to repay creditors if it fails to recuperate. It is not alone in this turmoil. In March last year, Zumi, a business-to-business (B2B) e-commerce platform also shut down after failing to raise follow-up funding to continue its operations. Such is also the tale of Twiga Foods, which also used the B2B e-commerce model to bridge the market access gap for farmers in the country. (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	162.55	175.55	161.75	176.45
EUR/KES	135.32	149.22	135.62	152.12
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

The U.S. dollar slipped lower in early European trade Thursday ahead of a key inflation report later in the session, while strong growth data has boosted sterling. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% lower to 104.552, falling to its lowest level since mid-June. The dollar inched lower Thursday, extending overnight losses after Federal Reserve Chair Jerome Powell reiterated his outlook for the U.S. economy achieving a soft landing. Powell also stated, during the second day of his semi-annual Congressional testimony on Wednesday, 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. This puts the upcoming June CPI release later in the session squarely in focus, with any signs of easing inflation likely to spur increased bets on a rate cut. The CME Fedwatch tool showed traders maintaining a 72.5% chance the Fed will cut rates by 25 basis points in September.

On the other hand, GBP/USD traded 0.3% higher at 1.2877, climbing to its highest level since early March after data showed that Britain's economy grew more quickly than expected in May. U.K. gross domestic product increased by 0.4% in May monthly, after no growth during a wet April. EUR/USD rose 0.2% to 1.0850, trading around a one-month high as traders await more news surrounding French politics. In Asia, USD/JPY traded 0.1% lower to 161.51, with the yen only gaining slightly from the dollar weakness.

In the commodities markets, gold prices fell slightly in Asian trade on Friday, but were sitting on strong gains from the prior session as softer-than-expected U.S. inflation data ramped up bets on a September interest rate cut. The yellow metal blew past the closely watched \$2,400 an ounce level on Thursday and was less than \$50 away from a record high, as it benefited from a sharp drop in the dollar. Gold was also set for a strong weekly performance. Spot gold fell 0.3% to \$2,408.52 an ounce, while gold futures expiring in August fell 0.3% to \$2,413.75 an ounce.

On the other hand, Oil prices inched up on Friday amid signs of easing inflationary pressures in the world's biggest oil consumer, the United States, though the contracts were headed for a weekly decline. Brent crude futures rose 33 cents, or 0.4%, to \$85.73 a barrel. U.S. West Texas Intermediate crude futures climbed 46 cents, or 0.6%, to \$83.08 a barrel. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0670	1.1074
GBP/USD	1.2711	1.3119
USD/ZAR	15.9774	19.9854
USD/AED	3.6528	3.6931
USD/JPY	156.94	160.97

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