



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 15TH JULY 2024

DOMESTIC NEWS

Kenya's shilling weakened on Friday due to increased demand for dollars from general goods importers, while inflows from non-governmental organizations cushioned it from easing further. Commercial banks quoted the shilling at 128.75/129.75 per dollar, compared with Thursday's closing rate of 128.50/129.50. (Reuters)

Kenya spent Sh152.69 billion to repay debt due to China in the just-ended financial year, underlining the burden on taxpayers in servicing loans taken to build a modern railway and other infrastructure projects in the past. The cash wired to Beijing comprised nearly Sh100.47 billion in principal sums which fell due and Sh52.22 billion in interests, according to disclosures by the Treasury. The total amount paid represents a 42.14 percent jump over Sh107.42 billion in the previous year ended June 2023. The data shows Nairobi ended up paying Sh40.76 billion more than it had budgeted at the beginning of the fiscal year, driven by movements in benchmark interest rates and conversion rates for the Kenya shilling. The terms of Beijing's loan deals with developing countries are usually secretive and require borrowing nations such as Kenya to prioritise repayment to Chinese state-owned banks ahead of other creditors, according to a dataset compiled by AidData — a US research lab at the College of William & Mary. The dataset, based on an analysis of loan agreements between 2000 and 2019, suggested the Chinese deals have clauses for "more elaborate repayment safeguards" than its "peers in the official credit market". (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	163.42	176.42	162.62	177.32
EUR/KES	135.65	149.55	135.95	152.45
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 moved little on Monday, while the dollar caught some safe haven bids after the attempted assassination of former U.S. President Donald Trump over the weekend. Regional trading volumes were muted on account of a Japanese market holiday. The yen weakened slightly against the dollar, keeping markets on edge over any potential government intervention. Asian currencies had advanced sharply against the dollar last week amid increased optimism over interest rate cuts by the Federal Reserve. While the dollar retook some ground on Monday, it was nursing steep losses over the past two weeks. Weak gross domestic product data from China somewhat dented sentiment towards Asian markets, while the yuan also weakened after the reading. Dollar firms as Trump assassination attempt favors safe havens. The dollar index and dollar index futures both rose 0.1% in Asian trade, recovering from an over one-month low hit last week.

On the other hand, GBP/USD declines slightly, hovering around 1.2970 in Monday's Asian session after retreating from Friday's peak of 1.2990, the highest since July 2023. EUR/USD is on the defensive below 1.0900 in the Asian session on Monday. The pair edges lower amid risk aversion on the Trump rally shooting, which has put a bid under the US Dollar. The focus remains on US politics and Fed speak looking ahead. In other currencies, the Australian dollar eased 0.08% to \$0.6778, while the New Zealand dollar slid 0.29% to \$0.6100.

In the commodities markets, gold prices fell slightly in early Asian trade on Monday, remaining in sight of a record high but seeing few increases in haven demand after an alleged assassination attempt on former U.S. President Donald Trump. Safe haven buying, in the face of increased U.S. political uncertainty, favored the dollar, with the greenback recovering a measure of recent losses on Monday. Spot gold fell 0.2% to \$2,407.49 an ounce, while gold futures expiring in August fell 0.4% to \$2,412.20 an ounce.

On the other hand, oil regained ground on Monday, with political uncertainty in the U.S. and the Middle East supporting prices, offsetting downward pressure from a stronger dollar and weak demand in top importer China. Brent crude futures rose 15 cents, or 0.2%, to \$85.18 a barrel after settling down 37 cents on Friday. U.S. West Texas Intermediate crude stood at \$82.41 a barrel, up 20 cents, or 0.2%. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0692	1.1095
GBP/USD	1.2771	1.3180
USD/ZAR	15.9712	19.9853
USD/AED	3.6528	3.6931
USD/JPY	155.94	159.97

For more details, contact our Treasury staff Mary, John, Alice & Joseph on Tel +254 20 5131311, DL +254 20 513 1354/55/51/52, Cell +254 709913351/52/54/55. The views expressed here are not solicitation for investment but dealers' own opinion. The bank cannot be held responsible for any losses of whatever nature resulting from action taken based on comments contained in this publication. The rates quoted includes the Banks mark up. DIB Bank Kenya Ltd is regulated by the Central Bank of Kenya.