



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 16TH JULY 2024

DOMESTIC NEWS

Kenya's shilling was unchanged against the dollar on Monday. The shilling was trading at 128.50/129.50 per dollar, the same as its closing level on Friday. The currency has so far reacted relatively little to nationwide protests that prompted President William Ruto to abandon planned tax hikes and fire nearly his entire cabinet. (Reuters)

The Treasury now targets borrowing about Sh652 billion for the financial year 2024/25, watering down an earlier debt plan by President William Ruto. Whereas President Ruto had on July 5 indicated that borrowing was expected to increase by Sh169.7 billion to cater for the revenue shortfall occasioned by withdrawing the Finance Bill, 2024, estimates by the Treasury show the borrowing will only be revised upward by 9.2 percent or Sh54.6 billion. This means that whereas the revised total borrowing target for 2024/25, according to the President, stands at Sh766.7 billion, the Treasury is eyeing a far more conservative Sh651.6 billion debt tap through Supplementary Budget I 2024/25. According to data from the Na Treasury, there will be a larger increase in external borrowing which is now projected to shoot up by Sh37.1 billion, while domestic borrowing will increase by a more modest Sh17.5 billion. "Total revenues have been revised from the initial projection of 18.5 percent to 17.5 percent of gross domestic product (GDP). (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	124.25	134.25	124.25	134.25
GBP/KES	163.51	176.51	162.71	177.41
EUR/KES	135.85	149.75	136.15	152.65
AED/KES	31.19	44.19	33.19	44.69

	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 May 2024 – Date (Source: Reuters)

INTERNATIONAL NEWS

Most Asian currencies moved in a flat-to-low range on Tuesday as speculation over a Donald Trump presidency helped the dollar rise past increased bets on interest rate cuts. Dollar extends recovery amid speculation over Trump presidency. The dollar index and dollar index futures both rose 0.1% in Asian trade, extending an overnight rebound from three-month lows. Speculation over Trump clinching a second term grew after an assassination attempt on the former president over the weekend, which was seen greatly boosting his popularity. A second term for Trump is expected to be positive for the dollar, given that he is widely expected to enact more protectionist trade policies that could result in higher inflation. Such a scenario could keep interest rates relatively higher in the long term. Still, the dollar was nursing steep losses from last week as some soft inflation figures and dovish Federal Reserve signals ramped up bets that the central bank will cut rates by at least 25 basis points in September. This notion limited any major gains in the greenback.

On the other hand, EUR/USD rose 0.1% to 1.0910, with the euro trading at its highest level since March, ahead of the latest policy-setting European Central Bank meeting later this week. GBP/USD traded marginally lower to 1.2988. USD/CNY traded 0.2% higher to 7.2627. USDJPY pair rose 0.4% to 158.64, after tumbling from nearly 162 last week.

In the commodities markets, Gold prices rose in Asian trade on Tuesday, coming within sight of new highs amid increased bets that the Federal Reserve will begin cutting rates from September. But gains in gold were limited by some resilience in the dollar, as increased speculation that Donald Trump will win a second term as president boosted the greenback. Spot gold rose 0.2% to \$2,427.77 an ounce, while gold futures expiring in August rose 0.1% to \$2,432.30 an ounce. Gold close to record high as rate cut bets grow. Spot prices were now less than \$30 away from a record high of about \$2,450 hit in late-May.

On the other hand, Oil prices slipped on Tuesday on worries about a slowing Chinese economy crimping demand, though a growing consensus that the U.S. Federal Reserve will begin cutting its key interest rate as soon as September limited declines. Brent futures fell 21 cents, or 0.25%, to \$84.64 a barrel by 0408 GMT, while U.S. West Texas Intermediate (WTI) crude dropped 25 cents, or 0.31%, to \$81.66. (Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0684	1.1088
GBP/USD	1.2751	1.3155
USD/ZAR	16.2584	20.2647
USD/AED	3.6529	3.6931
USD/JPY	156.53	160.54

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