



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 17TH JULY 2024

DOMESTIC NEWS

Kenya's shilling slid lower on Tuesday, as there was a shortage of dollars on the market. Commercial banks quoted the shilling at 129.50/130.50 per dollar, compared with Monday's closing rate of 128.50/129.50 as there's very muted demand and less supply of dollars. (Reuters).

Kenya will spend about \$533 million (Sh69 billion) servicing external debt this month, putting a fresh strain on forex reserves which were recently been replenished by the proceeds of a World Bank loan. Public debt data compiled by the Bretton Woods shows that the biannual payments to China for the loans contracted from 2014 towards the construction of the standard gauge railway will account for 81 percent or \$433 million (Sh56.1 billion) of the July external debt payments. January and July usually account for the lion's share of the country's annual external debt payments due to the SGR loans. Kenya borrowed \$5.08 billion (Sh659 billion at today's exchange rate) in 2014 and 2015 to construct the Mombasa-Naivasha railway. The SGR loans, which were on a mix of concessional and commercial terms, are denominated in dollars and have two floating interest rates, which at the time of issuance were set at either 3.6 percent or three percent above the London Interbank Offered Rate (Libor) average which has since then been discontinued. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	125.00	135.00	125.00	135.00
GBP/KES	164.60	177.60	163.80	178.50
EUR/KES	136.86	150.76	137.16	153.66
AED/KES	31.39	44.39	33.39	44.89

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

The U.S. dollar edged higher in early European trade Tuesday, climbing away from one-month lows as traders digested the increased chance of former President Donald Trump returning to the White House as well as the likelihood that the Federal Reserve will start cutting interest rates in September. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.1% higher to 103.952, after falling to the lowest levels since mid-July earlier in the week. The dollar edged higher after Donald Trump received a rapturous welcome on the first day of the Republican National Convention in Milwaukee, just a few days after surviving an assassination attempt in Pennsylvania on Saturday. The four-day convention will culminate with Trump's prime-time address on Thursday, when he formally accepts the party's nomination to face President Joe Biden in a rematch of their 2020 race. The attack has bolstered expectations of a Trump victory in the November election - a scenario that could boost the dollar, given he has signaled his intent to enact more

On the other hand, the EUR/USD rose 0.1% to 1.0899, with the euro just below its highest level for four months, ahead of Thursday's policy-setting European Central Bank meeting. GBP/USD traded marginally lower at 1.2963, having last week climbed to its highest levels seen in over two years. In Asia, USD/JPY traded 0.3% higher to 158.47, with the yen weakening, unwinding more of a recent recovery against the dollar.

In the commodities markets, gold prices rose to record highs in Asian trade on Wednesday, extending a strong run of recent gains amid growing optimism that the Federal Reserve will cut interest rates in September. Spot prices rose 0.2% to a record high of \$2,478.65 an ounce, while gold futures expiring in August hit a record high of \$2,483.65 an ounce. Gains in gold were driven chiefly by increased optimism over interest rate cuts by the Federal Reserve. (Investing.com).

On the other hand, Oil prices were steady on Wednesday, with global benchmark Brent hovering near the one-month low it hit in the prior session, as signs of weakening demand growth in China clashed with the prospect of declining U.S. oil stockpiles. Brent crude oil futures was down by 4 cents to \$83.69 a barrel. U.S. West Texas Intermediate crude futures also eased 4 cents to \$80.72. Both benchmarks dropped in the three prior sessions, with Brent crude futures trading as low as \$83.30 on Tuesday, the lowest since June 17. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0700	1.1104
GBP/USD	1.2772	1.3177
USD/ZAR	16.0603	20.0880
USD/AED	3.6526	3.6936
USD/JPY	155.99	160.03

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.