



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 18TH JULY 2024

DOMESTIC NEWS

Kenya's shilling was stable on Wednesday as foreign exchange inflows from tea exports matched dollar demand. Commercial banks quoted the shilling at 129.50/130.50 per dollar, the same as Tuesday's close. (Reuters).

The government has shelved a Sh14.6 billion project that aimed to connect public institutions and offices to the national power grid following the withdrawal of the Finance Bill, 2024 which has left a big hole in the State's budget. The Treasury has cut the State Department for Energy's budget for the 2024/25 fiscal year by Sh18.5 billion down to Sh14 billion from the Sh32.5 billion that the exchequer had initially allocated last month. The Treasury had set aside Sh14.6 billion to light up public facilities such as schools, hospitals, trading centers, and national government administration offices in the June budget, but the allocation has been fully withdrawn in the revised spending plan. The project is part of Vision 2030 and is being implemented by the Rural Electrification and Renewable Energy Corporation (Rerec). The plan to connect more rural households to electricity has also been hit after its entire budget of Sh1.2 billion was withdrawn as part of President William Ruto's revised spending plan that has reduced the budget for the FY2024/25 by Sh177 billion. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	125.50	135.50	125.50	135.50
GBP/KES	165.73	178.73	164.93	179.63
EUR/KES	137.79	151.69	138.09	154.59
AED/KES	31.53	44.53	33.53	45.03

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 slipped to multi-month lows Wednesday, while the Japanese yen strengthened sharply, and sterling climbed to a one-year high after hotter-than-expected UK inflation data. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.5% lower to 103.402, falling to the lowest levels since mid-March. The dollar traded on the back foot Wednesday amid confidence that the U.S. Federal Reserve will start cutting interest rates to boost a slowing economy in September. U.S. retail sales failed to grow in June, and even though this pointed to a degree of consumer resilience it failed to significantly alter market views for a rate cut at the next Fed meeting, which is now fully priced in.

On the other hand, GBP/USD traded 0.5% to 1.3038, with sterling climbing to its highest level since mid-July of last year, after data on Wednesday showed U.K. inflation rose slightly more than expected. The Bank of England next meets at the start of August, and this data release resulted in traders paring back bets of a rate cut at that point, helping the pound. EUR/USD rose 0.4% to 1.0938, with the euro benefiting from the dollar weakness, ahead of today's policy-setting European Central Bank meeting later. In Asia, USD/JPY slumped 1.3% to 156.37, with the yen recovering sharply from nearly 162 in recent sessions, putting traders on alert for signs of another intervention from Japanese authorities to prop up the currency.

In the commodities markets, gold prices rose in Asian trade on Thursday, remaining close to record highs as weakness in the dollar, amid increased bets on U.S. interest rate cuts, supported the yellow metal. Precious metal markets also caught some safe haven demand as reports pointed to potentially worsening trade relations between the U.S. and China. Spot gold rose 0.3% to \$2,466.18 an ounce, while gold futures expiring in August rose 0.4% to \$2,469.55 an ounce. Spot prices raced to a record high of \$2,483.78 an ounce. (Investing.com).

On the other hand, Oil prices rose in Asian trade, extending a recent rebound as a bigger-than-expected draw in U.S. inventories ramped up bets on tighter supplies and improving demand in the world's biggest fuel consumer. Crude markets were nursing steep losses over the past week, as a string of weak economic readings from top importer China drummed up concerns over slowing global demand. Brent oil futures expiring in September rose 0.4% to \$85.41 a barrel, while West Texas Intermediate crude futures rose 0.5% to \$81.88 a barrel. (Reuters)

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0733	1.1136
GBP/USD	1.2805	1.3209
USD/ZAR	16.2038	20.2086
USD/AED	3.6529	3.6931
USD/JPY	154.11	158.13

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.