



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 19TH JULY 2024

DOMESTIC NEWS

Kenya's shilling weakened on Thursday. Commercial banks quoted the shilling at 130.50/131.50 per dollar compared with Wednesday's closing rate of 129.50/130.50 per dollar. (Reuters).

Kenya's goods trade deficit widened in the early months of the year, largely on the back of a recovery in orders for machinery and industrial raw materials from foreign countries, official data shows. The deficit – an economic condition when a country imports more goods than it exports – widened to Sh525.47 billion in the first four months of the year from Sh492.55 billion a year ago, according to data collated by the Kenya National Bureau of Statistics (KNBS). This is in contrast to a year ago when the gap narrowed by 3.45 percent on flattening of growth in imports after traders and companies cut orders for raw materials and machinery, among other capital goods. Such goods are largely used in the productive sectors of the economy such as manufacturing. The data, however, shows a 15.21 percent growth in expenditure on imports to Sh915.43 billion in four months through April this year, a climb from a measly 0.98 percent rise in the corresponding period last year when traders battled a sustained weakening of the shilling against the US dollar. The growth in imports in the review period was, nonetheless, slower than earnings from exports, which bumped nearly a third (29.12 percent) to Sh389.95 billion, majorly powered by increased orders for tea. This helped moderate the widening of the export-import gap which was slower at 6.68 percent compared with 21.38 percent in 2022. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.50	136.50	127.50	136.50
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

Most Asian currencies weakened on Friday as fears of more trade ructions between the U.S. and China dented sentiment, with the dollar benefiting from safe-haven demand even as bets on interest rate cuts persisted. The dollar index and dollar index futures recovered a measure of recent losses, rising 0.1% each in Asian trade and coming on track for their first weekly gain in three. Thursday and Friday's gains also saw the greenback rebound from near four-month lows, as markets-maintained bets that the Federal Reserve will begin cutting interest rates from September. While this notion had boosted Asian currencies in recent sessions, they pulled back on Friday amid concerns over worsening relations between the U.S. and China. Uncertainty over the U.S. presidential race, amid growing calls for President Joe Biden to drop his reelection bid, also kept risk appetite muted.

On the other hand, GBP/USD traded 0.2% lower at 1.2985, after the release of data showing that growth in British wages slowed in May but remained at elevated levels. EUR/USD fell 0.1% to 1.0928, slipping slightly from Wednesday's four-month peak ahead of a policy-setting European Central Bank meeting later in the session. USD/JPY rose 0.2% to 156.47, after falling as low as 155.38 earlier. USD/CNY slipped slightly lower at 7.2586, with the pair steadying below eight-month highs.

In the commodities markets, gold prices fell sharply in Asian trade on Friday, dented by a mix of profit-taking and as speculation over a potential Donald Trump presidency and stricter U.S. trade policies favored the dollar. Spot gold fell 0.9% to \$2,423.89 an ounce, while gold futures expiring in August fell 1.2% to \$2,426.45 an ounce Gold tumbles from record highs.

On the other hand, Oil prices fell in Asian trade on Friday, and were headed for a weekly loss amid persistent concerns over slowing demand in top importer China, while sentiment was also dented by concerns over trade ructions with the U.S. While crude prices saw some gains on Thursday, as shrinking U.S. inventories drove optimism over tighter markets, they were still headed for a weekly loss after disappointing Chinese economic data earlier this week. Brent oil futures expiring in September fell 0.5% to \$84.73 a barrel, while West Texas Intermediate crude futures fell 0.6% to \$80.79 a barrel. Both contracts were down between 0.2% and 0.6% this week.

(Investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0691	1.1090
GBP/USD	1.2739	1.3139
USD/ZAR	16.3106	20.3106
USD/AED	3.6529	3.6931
USD/JPY	155.10	159.10

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.