



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 23RD JULY 2024

DOMESTIC NEWS

Kenya's shilling edged down on Monday due to increased demand for dollars from the manufacturing sector and general goods importers. Commercial banks quoted the shilling at 130.75/131.75 per dollar, compared with Friday's closing rate of 130.50/131.50. (Reuters).

The National Treasury failed to send more than Sh30 billion to counties during the financial year ending June 2024, underscoring the fiscal challenges it continued to face in a year that was marked by delays in releasing the equitable share of revenues. By the end of the 2023–24 fiscal year on June 30, the Treasury had released Sh354.59 billion out of the budgeted Sh385.42 billion for the equitable share of revenue to counties, the latest data show. The failure to release Sh30.83 billion saw the counties miss eight percent of their budgeted equitable share funds, which affected the implementation of planned programmes, with Nairobi, Nakuru, Turkana, and Kakamega foregoing more than Sh1 billion each. "The County Allocation of Revenue Act (CARA) 2023 provided for equitable share allocation to counties of Sh385,424,616,067 to be disbursed directly by National Treasury," Treasury notes in the statement of exchequer issues by the end of June 2024. "The County Governments Additional Allocations Act, 2024, provided for additional allocations to county governments in FY2023/2024 amounting to Sh46,362,301,458.60 to be disbursed through the respective ministries, departments, and agencies," Treasury notes in the statement of exchequer issues by end of June 2024. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	126.50	136.50	126.50	136.50
GBP/KES	165.99	178.99	165.19	179.89
EUR/KES	138.29	152.19	138.59	155.09
AED/KES	31.80	44.80	33.80	45.30

	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 lower Monday following U.S. President Joe Biden's decision to end his re-election campaign, with the euro benefiting despite its weak tone after last week's European Central Bank meeting. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% lower to 103.942, flipping after posting its first weekly gain in three last week. The dollar has retreated following the weekend's news that President Biden will no longer seek reelection, endorsing Vice President Kamala Harris as his potential replacement. "Investors will now switch their attention to how Kamala Harris fares against Donald Trump in the opinion polls – assuming she is appointed the presidential candidate at the Democratic National Convention on 19-22 August," said analysts at ING, in a note. The dollar had received a boost as the likelihood of a Trump presidency grew following Biden's disastrous debate performance last month and questions about his age and health.

On the other hand, EUR/USD rose 0.2% to 1.0893, bouncing after weakness in the wake of the European Central Bank keeping rates steady at its meeting last week. Analysts flagged that the ECB offered no concerted push back at last week's policy meeting on the heavy pricing for a cut in September, which remains a strong base case. GBP/USD traded 0.1% higher at 1.2931, after topping 1.30 for the first time in a year last week in the wake of the decisive election victory for the Labour Party, ending 14 years of sometimes chaotic Conservative rule. In Asia, USD/JPY fell 0.5% to 156.63, with the yen continuing to see wild swings amid speculation that the Japanese government has intervened in currency markets. USD/CNY rose 0.1% to 7.2727, close to levels last seen in November.

In the commodities markets, gold prices moved little in Asian trade on Tuesday, hovering around 11-day lows as traders sought more clarity on U.S. politics and monetary policy, especially ahead of a Federal Reserve meeting next week. Spot gold rose 0.1% to \$2,398.38 an ounce, while gold futures rose 0.2% to \$2,399.40 an ounce.

On the other hand, Oil prices steadied on Tuesday after falling for the past two sessions, as investors remained cautious amid expectations of plentiful supplies and weak demand, while brushing off the U.S. presidential campaign upheaval. Brent crude futures for September rose 2 cents to \$82.42 a barrel. U.S. West Texas Intermediate crude for September dipped 2 cents to \$78.38 per barrel. (Reuters).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0687	1.1089
GBP/USD	1.2724	1.3131
USD/ZAR	16.2475	20.2581
USD/AED	3.6529	3.6931
USD/JPY	154.38	158.40

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.