



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 24<sup>TH</sup> JULY 2024

### DOMESTIC NEWS

Kenya's shilling weakened against the dollar on Tuesday, weighed on by banks covering their positions. The shilling traded at 131.50/132.50 per dollar, compared with Monday's closing rate of 130.50/131.50. The higher demand for dollars was driven by the need to support importers in sectors like manufacturing and energy. Investors have also expressed concerns about political turmoil sparked by violent protests, which started last month, against a government plan to hike taxes. (Reuters).

Kenya tops East and Central African region as the biggest beneficiary of funding from the African Development Bank (AfDB) over the last decade. Data from the pan-African lender shows that AfDB approved a total of \$3.718 billion (UA2.77 billion) to Kenya between 2013 and last year followed by \$2.83 billion (UA2.11 billion) to neighboring Tanzania and a further \$1.81 billion (UA1.35 billion) to Rwanda. UA (Units of Account) is the currency of trade that AfDB uses and its exchange rate to the dollar varies over time. For example, last year one UA was equivalent to 1.3416 dollars. Sectors such as energy, road construction and water have been some of the biggest beneficiaries of the billions of dollars from AfDB, making the pan-African lender an integral development partner of Kenya. "Approvals for East Africa amounted to UA 2.29 billion, or 29 percent of total approvals, a substantial increase of 37 percent over the UA 1.67 billion in 2022," AfDB says in its annual report for last year. (Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	127.50	137.50	127.50	137.50
GBP/KES	166.86	179.86	166.06	180.76
EUR/KES	138.90	152.80	139.20	155.70
AED/KES	32.07	45.07	34.07	45.57

	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 traded in a stable fashion in Europe Tuesday, while the yen soared in the wake of suspected intervention by the government last week. The Dollar Index, which tracks the greenback against a basket of six other currencies, edged 0.1% higher to 104.067, bouncing from last week's four-month low. The dollar steadied Tuesday, with traders appearing to take a breather as they digest the volatile political situation with little in the way of economic data until the release of U.S. personal consumption expenditure inflation figures for June on Friday. Expectations of a Trump presidency has resulted in some strength in the dollar, as analysts said he would be likely to enact protectionist trade policies. The main economic data release this week will arrive on Friday, with June's personal consumption expenditures index set to test market expectations that the Federal Reserve is all but certain to cut interest rates in September.

On the other hand, In Europe, EUR/USD fell 0.2% to 1.0873, drifting lower ahead of key activity data later in the week. While economic growth in the eurozone remains sluggish, strength in the dominant services sector, boosted by tourism, has kept price pressures uncomfortably high. GBP/USD traded 0.1% lower at 1.2919, falling back from the 1.30 level that the pair saw last week for the first time in a year. The pound has received a boost from the political stability brought about by the Labour Party's dominant electoral victory at the start of this month. In Asia, USD/JPY fell 0.7% to 155.94, not far from Thursday's five-week low of 155.375, with the yen continuing to strengthen against the dollar after suspected intervention by the government last week

In the commodities markets, gold prices rose in Asian trade on Wednesday, although gains were limited by strength in the dollar as uncertainty over the U.S. presidential race and anticipation of a Federal Reserve meeting kept traders on edge. Spot gold rose 0.3% to \$2,416.72 an ounce, while gold futures expiring in August rose 0.4% to \$2,417.65 an ounce. Spot prices were nursing a tumble from record highs over the past two weeks.

On the other hand, Oil prices rebounded on Wednesday, snapping three straight sessions of decline, as falling U.S. crude inventories and growing supply risks from wildfires in Canada boosted prices. Brent crude futures for September rose 37 cents, or 0.5%, to \$81.38 a barrel. U.S. West Texas Intermediate crude for September increased 38 cents, or 0.5%, to \$77.34 per barrel. (Reuters).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0646	1.1050
GBP/USD	1.2688	1.3192
USD/ZAR	16.3914	20.3994
USD/AED	3.6529	3.6931
USD/JPY	152.59	156.64

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