



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 25TH JULY 2024

DOMESTIC NEWS

Kenya's shilling was weaker against the dollar in early trade on Wednesday. The shilling traded at 132.50/133.50 per dollar, compared with Tuesday's closing rate of 132.00/132.50. (Reuters).

Lawmakers are seeking to raise Kenya's borrowing target for the current financial year by Sh164 billion to fill the hole in the budget despite a raft of expenditure cuts that have hit development projects hardest. The Budget and Appropriations Committee of the National Assembly has proposed an overall Sh121.8 billion cut in the budget to Sh3.87 trillion. This has come in a year in which ordinary revenue targets have been revised downwards by Sh284.80 billion to Sh3.06 trillion. The committee, led by Kiharu legislator Ndindi Nyoro, has consequently asked the House to increase total borrowing to Sh761 billion from the initial Sh597 billion. In its Supplementary Budget report for debate and approval, the 27-member committee has increased the domestic borrowing target by Sh141.4 billion to Sh404.6 billion, with the remainder to be tapped from foreign debt markets. "The revised estimates have been prepared against a backdrop of various socioeconomic challenges, including mounting calls for austerity, accountability, and enhanced service delivery, rising expenditure pressure for social protection programmes, ongoing reforms in education and healthcare, and high cost of debt service," the committee said in its report tabled Tuesday. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	128.00	138.00	128.00	138.00
GBP/KES	167.44	180.44	166.64	181.34
EUR/KES	139.29	153.19	139.59	156.09
AED/KES	32.21	45.21	34.21	45.71

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 moved in a flat-to-low range on Thursday as a rout in equity markets kept traders largely averse towards risk-driven assets, while the dollar retreated ahead of key economic indicators in the coming days. Dollar eases with GDP, PCE data on tap. The dollar index and dollar index futures both fell slightly in Asian trade, extending an overnight decline amid increasing confidence that the Federal Reserve will cut interest rates in September. Gross domestic product data for the second quarter- due later on Thursday, along with PCE price index data- due on Friday, is expected to provide more cues on any potential rate cuts by the Fed. The Fed is also set to meet next week and is widely to keep interest rates steady while signaling a rate cut in September. Dovish rhetoric from Fed officials in recent weeks furthered this notion.

On the other hand, EUR/USD fell 0.2% to 1.0835, following the release of eurozone business activity data for July. Growth in eurozone business activity stalled in July, with the HCOB's preliminary composite Purchasing Managers' Index dropped to 50.1 this month from June's 50.9, barely above the 50 mark that separates growth from contraction. GBP/USD traded 0.1% lower at 1.2898, falling back from the 1.30 level that the pair saw last week for the first time in a year. USD/CAD rose 0.1% to 1.3796, near a three-month low for the Canadian dollar ahead of a Bank of Canada rate-setting meeting later in the session. USD/JPY fell 0.5% to 154.81, with the pair falling to its lowest level since early June. USD/CNY edged higher to 7.2773.

In the commodities markets, Gold prices fell in Asian trade on Thursday, seeing little safe haven demand despite increasing risk-off sentiment as traders rode a sharp appreciation in the Japanese yen. A rout in broader commodity markets also raged on, with copper prices extended a sinking to a near four-month low amid persistent concerns over top importer China. Spot gold slid 0.9% to \$2,376.11 an ounce, while gold futures expiring in August tumbled 1.7% to \$2,375.40 an ounce. Gold prices retreat as safe haven plays, rate hike bets favor yen.

On the other hand, Oil prices eased on Thursday as concerns over weak demand in China, the world's largest crude importer, and expectations of a nearing ceasefire deal in the Middle East overcame gains in the previous session after draws in U.S. inventories. Brent crude futures for September fell 63 cents, or 0.8%, to \$81.08 a barrel. U.S. West Texas Intermediate crude for September slid 63 cents, or 0.8%, to \$76.96 per barrel. (investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0638	1.1041
GBP/USD	1.2690	1.3096
USD/ZAR	16.4128	20.4192
USD/AED	3.6529	3.6931
USD/JPY	150.83	154.78

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.