



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 26<sup>TH</sup> JULY 2024

### DOMESTIC NEWS

Kenya's shilling was stable on Thursday. Commercial banks quoted the shilling at 132.50/133.50 per dollar, the same as Wednesday's rate. (Reuters).

The Kenya Revenue Authority (KRA) has written to scores of businesses notifying them of overdue value-added tax (VAT) balances that were accrued before the introduction of the iTax system in 2014, potentially hitting those unable to provide proof of payment with bills running into millions of shillings. Most of the balances in question date back more than 10 years, the taxman said, with businesses that failed to make payments before the expiry of the tax amnesty program on June 30, 2024, facing additional penalty charges. One of the notifications sent a demand of more than Sh11 million, with the KRA asking the entity to "make arrangements to clear the outstanding liability before June 30, 2024" to take advantage of the tax amnesty. KRA said, however, these letters are not tax demand notices, but rather an invitation to the taxpayer to validate the balances effectively to show proof of payment. The balances are, therefore, subject to adjustment based on information the businesses provide the taxman. Due to the potential of the balances rising or falling upon validation, the KRA said it would not be able to provide an overall figure of the amount it expects to collect from the unpaid VAT. (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	167.09	180.09	166.29	180.99
EUR/KES	139.51	153.41	139.81	156.31
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

Dollar steady after strong GDP; inflation, Fed in focus. The dollar index and dollar index futures both steadied on Friday after seeing some resilience on stronger-than-expected gross domestic product data for the second quarter. The reading pushed up hopes that the U.S. economy was headed for a soft landing, where growth will remain steady while inflation eases. Focus is now squarely on PCE price index data- which is the Federal Reserve's preferred inflation gauge. The reading is due later on Friday and is expected to show inflation eased further in June. PCE data also comes just days before a Fed meeting, where the central bank is widely expected to keep rates unchanged. But any signals on interest rate cuts will be closely watched, with markets keeping intact expectations for a September cut.

On the other hand, EUR/USD rose 0.1% to 1.0847, with the euro edging higher despite German business morale unexpectedly falling in July, the third consecutive decline in Germany's most prominent leading indicator. GBP/USD traded 0.2% lower at 1.2885, falling back from the 1.30 level ahead of next week's Bank of England policy-setting meeting. USD/JPY fell 0.7% to 152.72, with the pair falling to its weakest level in 2-1/2 months as traders abandoned short yen bets in the run up to the BOJ's July meeting in the wake of suspected currency market intervention by the Japanese government. USD/CNY slipped 0.5% lower to 7.2281.

In the commodities markets, Gold prices rose in Asian trade on Friday but were nursing steep losses through the week as traders remained largely biased towards the dollar before more cues on interest rates in the coming days. Spot gold rose 0.3% to \$2,371.23 an ounce, while gold futures expiring in August rose 0.7% to \$2,369.90 an ounce. Gold heads for weekly loss with PCE data, Fed on tap. Spot prices were down 1.2% this week, having initially fallen much further on Thursday after stronger-than-expected second-quarter gross domestic product data from the U.S. The reading ramped up hopes for a soft landing for the U.S. economy- a scenario that could lessen safe haven demand for gold.

On the other hand, Oil prices rose slightly on Friday but remained on track for a third straight week of decline due to weak demand in China, the world's largest crude importer, and expectations of a ceasefire deal for the Gaza war and related violence in the Middle East. Brent crude futures for September rose 12 cents, or 0.2%, to \$82.49 a barrel. U.S. West Texas Intermediate crude for September increased 13 cents, also 0.2%, to \$78.41 per barrel. (investing.com).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0655	1.1059
GBP/USD	1.2661	1.3065
USD/ZAR	16.3040	20.3100
USD/AED	3.6529	3.6931
USD/JPY	151.69	155.69

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