



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 29TH JULY 2024

DOMESTIC NEWS

Kenya's shilling gained ground on Friday, helped by dollar inflows from tea exporters. Commercial banks quoted the shilling at 131.50/132.50, compared with Thursday's closing rate of 132.50/133.50. (Reuters).

Revenue from non-tax streams, such as fees on government services, grew by more than half in the financial year that ended June 30, 2024, on the back of increased digitalization and mopping up of surplus funds in parastatals. The National Treasury data shows non-tax cash receipts amounted to Sh129.27 billion during the year ended June 2024, a 57.65 percent jump over Sh82 billion in the prior year. The revenue was largely boosted by flows from “surplus funds from Semi-autonomous Government Agencies, revenues arising from service provision collected through e-citizen and investment income [dividends], according to a senior official at the Treasury. The non-tax revenue for the review period was Sh53.94 billion more than the original projections of Sh75.33 billion at the beginning of the last fiscal year. The receipts form part of the government's appropriations-in-aid funding — revenues collected directly by agencies through service fees as well as donor grants. Services such as transportation permits like driving licenses, land titling, and registration of persons are key sources of non-tax revenue. The other sources are royalties, investment income as well as fines and forfeitures. The government has in recent years been moving services to the online portal, the e-Citizen, to improve efficiency and seal loopholes for bribery and other forms of corruption. (Business Daily).

Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	126.25	136.25	126.25	136.25
GBP/KES	165.00	178.00	164.20	178.90
EUR/KES	137.65	151.55	137.95	154.45
AED/KES	31.73	44.73	33.73	45.23

	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 firmed on Monday, while the dollar retreated before a Federal Reserve meeting this week that is likely to yield more cues on the bank's plans to cut interest rates. Broader Asian currencies steadied after weathering a swathe of selling last week, as uncertainty over the U.S. presidential race and continued concerns over China battered risk-driven assets. Dollar edges lower, rate cuts in focus. The dollar index and dollar index futures fell 0.1% each in Asian trade, extending losses after PCE price index data- the Fed's preferred inflation gauge- showed some easing in inflation on Friday. The reading ramped up bets that the Fed was close to gaining enough confidence to begin cutting rates by September. Focus this week is squarely on a Fed meeting, where the central bank is expected to keep rates unchanged. But given recent signs of easing inflation and dovish-leaning comments from officials, traders will be watching for any cues from the central bank on when it plans to begin trimming rates.

On the other hand, EUR/USD edged marginally higher to 1.0845, after data showed that consumers in the eurozone stopped reducing their inflation expectations in June after four consecutive monthly falls. GBP/USD traded 0.2% higher at 1.2870, but well below the one-year high of 1.3044 hit last week. USD/JPY rose 0.2% to 154.25, with the yen's recent advance somewhat stalled by soft inflation from Tokyo, which showed inflation remained largely muted in July. USD/CNY rose 0.3% to 7.2520.

In the commodities markets, Gold prices rose in Asian trade on Monday, recovering more ground from a rout through most of July as focus turned to an upcoming Federal Reserve meeting where the central bank is expected to provide more cues on interest rate cuts. Spot gold rose 0.4% to \$2,395.31 an ounce, while gold futures expiring in December rose 0.5% to \$2,440.35 an ounce. Gold strengthened by rate cut bets. Traders are almost entirely pricing in a 25-basis point cut in September, according to CME Fed watch.

On the other hand, Oil prices rose on Monday, paring last week's loss, on fears of a widening conflict in the Middle East following a rocket strike in the Israeli-occupied Golan Heights, which Israel and the United States blamed on Lebanese armed group Hezbollah. Brent crude futures gained 33 cents, or 0.4%, to \$81.46 a barrel at 0425 GMT. U.S. West Texas Intermediate (WTI) crude futures climbed 23 cents, or 0.3%, to \$77.39 a barrel.

(investing.com).

Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0655	1.1060
GBP/USD	1.2670	1.3074
USD/ZAR	16.2643	20.2717
USD/AED	3.6528	3.6931
USD/JPY	151.49	155.52

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