



**DIB Bank Kenya**

A subsidiary of Dubai Islamic Bank PJSC

## TREASURY MARKET UPDATE 30<sup>TH</sup> JULY 2024

### DOMESTIC NEWS

The Kenyan shilling slightly strengthened early on Monday, as further gains were anticipated backed by expected dollar inflows from tea exports. Commercial banks quoted the shilling at 130.50/131.50, a slight increase compared to Friday's closing rate of 130.75/131.75. (Reuters).

The Nairobi Securities Exchange (NSE) has shed Sh174.5 billion in the past nine weeks, amid anti-government protests and ratings downgrade that has seen foreign investors turn net sellers. Data from the bourse shows the market has shed value for eight straight trading sessions to close Friday at Sh1.628 trillion, compared to the recent peak of Sh1.801 trillion that had been seen on May 22. Analysts are linking the NSE decline to anti-government protests that have injected uncertainty into the macroeconomic environment, as well as the July 9 decision by Moody's Ratings to downgrade Kenya's debt rating after the shelving of the Finance Bill 2024. Mr Kenneth Minjire, senior associate for debt and equity at AIB-AXYS Africa, a stockbroker, said in a phone interview that the protests and the Moody's downgrade have spooked investors, making them reverse over eight weeks of net buying. AIB-AXYS data shows foreign investors have since July 1, hit Sh230.66 million net selling, with last week's net selling being Sh144.26 million. This reverses the trend where they were net buyers in both June and May at Sh9.55 billion and Sh985.4 million respectively. "The two biggest factors have been the protests and the Moody's downgrade. In addition, foreigners have been waiting for central bank rate cut since January but we have not seen any yet. All these combined have hurt the risk appetite from offshore investors," said Minjire. (Business Daily).

### Indicative Forex Rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	125.50	135.50	125.50	135.50
GBP/KES	163.74	176.74	162.94	177.64
EUR/KES	136.33	150.23	136.63	153.13
AED/KES	31.53	44.53	33.53	45.03

	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 edged higher in early European trade Monday, helped by a safe-haven bid as tensions rise in the Middle East, while sterling retreats ahead of this week's Bank of England policy-setting meeting. The Dollar Index, which tracks the greenback against a basket of six other currencies, traded 0.2% higher at 104.247. The safe-haven dollar has found some support Monday in the wake of the weekend's deadly rocket strike in the Israeli-occupied Golan Heights. The strike reportedly killed at least 12 people and has been blamed by both Israel and the U.S. on Iran-backed Hezbollah, who have denied responsibility for the attack. Israel has vowed retaliation against Hezbollah in Lebanon, and Israeli jets hit targets in southern Lebanon on Sunday. However, the gains are minor and most attention is on the Federal Reserve meeting, which concludes on Wednesday. While the U.S. central bank is widely expected to leave rates unchanged this week, the prospect of a first interest rate cut has become more probable, according to Goldman Sachs economists.

On the other hand, GBP/USD traded 0.5% lower at 1.2809, ahead of Thursday's Bank of England meeting. EUR/USD fell 0.2% to 1.0836, with the euro weighed by the likelihood of more rate cuts by the European Central Bank this year, following on from June's reduction. USD/JPY rose marginally to 153.75, with the pair close to its lowest levels in nearly three months, ahead of the Bank of Japan meeting later this week. USD/CNY rose 0.1% to 7.2584, after suspected government intervention sparked wild swings in the yuan last week.

In the commodities markets, Gold prices rose slightly on Tuesday, steadying after a sharp drop in the prior session as anticipation of a Federal Reserve meeting and more cues on interest rates kept traders biased towards the dollar. Gold was pressured by an overnight increase in the dollar, which saw some long positioning ahead of Wednesday's Fed rate decision. Spot gold rose 0.1% to \$2,387.98 an ounce, while gold futures expiring in December rose 0.2% to \$2,431.35 an ounce. Gold steadies, Fed awaited for rate cut cues.

On the other hand, Oil prices fell on Tuesday, extending losses from the previous session, amid concerns about demand in China, the world's largest crude importer, while the market shrugged off the risk of conflict escalating in the Middle East. Brent crude oil futures fell by 32 cents, or 0.4%, to \$79.46 a barrel by 0320 GMT. U.S. crude futures were down 36 cents, or 0.5%, at \$75.45 a barrel. A raft of disappointing economic news out of China has shaken markets recently. (investing.com).

### Indicative Cross Rates

	Bid	Offer
EUR/USD	1.0621	1.1022
GBP/USD	1.2649	1.3050
USD/ZAR	16.4406	20.4476
USD/AED	3.6528	3.6933
USD/JPY	152.88	156.88

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